

GLOBAL JUSTICE CENTER

FINANCIAL STATEMENTS

**SEPTEMBER 30, 2019 (Unaudited)
AND DECEMBER 31, 2018 (Audited)**



LUTZ AND GARR

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Global Justice Center

We have reviewed the accompanying financial statements of Global Justice Center (a nonprofit corporation), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses and cash flows for the nine months ended September 30, 2019, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The December 31, 2018 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated April 29, 2019, but we have not performed any auditing procedures since that date.

Lotz + Carr, LLP

New York, New York
February 7, 2020

GLOBAL JUSTICE CENTER

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2019 AND DECEMBER 31, 2018

	<u>2019</u> <u>(Unaudited)</u>	<u>2018</u> <u>(Audited)</u>
Assets		
Cash and cash equivalents (Notes 1b and 5a)	\$ 342,830	\$ 450,543
Unconditional promises to give (Notes 1d, 5b and 6)		
Without donor restrictions	93,182	10,520
With donor restrictions	252,082	404,164
Prepaid expenses and other assets	8,758	40,363
Security deposits	21,366	20,805
Investments (Notes 1c, 3 and 4a)	452,464	403,209
Property and equipment, at cost, net of accumulated depreciation (Notes 1e and 7)	<u>2,993</u>	<u>4,325</u>
Total Assets	<u><u>\$1,173,675</u></u>	<u><u>\$1,333,929</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 17,037</u>	<u>\$ 23,379</u>
Commitments (Notes 8 and 9)		
Net Assets		
Without Donor Restrictions		
Operating	160,608	221,693
Board designated (Note 4a)	<u>743,948</u>	<u>684,693</u>
Total Without Donor Restrictions	904,556	906,386
With donor restrictions (Note 4b)	<u>252,082</u>	<u>404,164</u>
Total Net Assets	<u><u>1,156,638</u></u>	<u><u>1,310,550</u></u>
Total Liabilities and Net Assets	<u><u>\$1,173,675</u></u>	<u><u>\$1,333,929</u></u>

See notes to financial statements.

GLOBAL JUSTICE CENTER

STATEMENTS OF ACTIVITIES

NINE MONTHS ENDED SEPTEMBER 30, 2019
AND YEAR ENDED DECEMBER 31, 2018

	<u>2019</u> <u>(Unaudited)</u>	<u>2018</u> <u>(Audited)</u>
Changes in Net Assets Without Donor Restrictions		
Revenue and Other Support		
Grants and contributions (Note 5c)	\$ 441,916	\$1,145,528
Special event revenue	260,993	-
Less: Costs of direct benefits to donors	(75,569)	-
Net investment income (loss) (Note 3)	49,511	(25,601)
Miscellaneous income	2,500	-
	<u>679,351</u>	<u>1,119,927</u>
Net assets released from restrictions		
Satisfaction of time and program restrictions	<u>149,146</u>	<u>150,000</u>
Total Revenue and Other Support	<u>828,497</u>	<u>1,269,927</u>
Expenses		
Program Services	582,808	762,914
Supporting Services		
Management and general	85,856	168,670
Fundraising	<u>161,663</u>	<u>186,688</u>
Total Expenses	<u>830,327</u>	<u>1,118,272</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	<u>(1,830)</u>	<u>151,655</u>
Changes in Net Assets With Donor Restrictions		
Contributions (Note 5c)	-	209,102
Net assets released from restrictions	(149,146)	(150,000)
Loss on foreign exchange	<u>(2,936)</u>	<u>(4,938)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(152,082)</u>	<u>54,164</u>
Increase (decrease) in net assets	(153,912)	205,819
Net assets, beginning of year	<u>1,310,550</u>	<u>1,104,731</u>
Net Assets, End of Year	<u><u>\$1,156,638</u></u>	<u><u>\$1,310,550</u></u>

See notes to financial statements.

GLOBAL JUSTICE CENTER

STATEMENT OF FUNCTIONAL EXPENSES

NINE MONTHS ENDED SEPTEMBER 30, 2019
AND YEAR ENDED DECEMBER 31, 2018

	2019			Total Expenses (Unaudited)	2018			Total Expenses (Audited)
	Program Services	Supporting Services Management and General	Fundraising		Program Services	Supporting Services Management and General	Fundraising	
Salaries	\$348,800	\$ 50,261	\$ 81,909	\$ 480,970	\$470,921	\$ 90,516	\$ 91,635	\$ 653,072
Payroll taxes and employee benefits	76,535	11,028	17,973	105,536	107,260	20,390	20,642	148,292
Memberships and registration	4,794	-	-	4,794	4,682	-	-	4,682
Intern and staff support	25,513	-	-	25,513	9,249	-	-	9,249
Professional fees	14,485	10,017	27,649	52,151	32,284	23,086	41,708	97,078
Indirect special event expenses	5,711	-	5,603	11,314	-	-	-	-
Meetings, travel and related expenses	14,495	52	2,706	17,253	25,026	2,274	4,666	31,966
Insurance	2,333	336	548	3,217	1,986	377	382	2,745
Occupancy	72,202	10,404	16,956	99,562	89,013	16,921	17,131	123,065
Office expenses	17,940	2,426	8,319	28,685	22,493	4,364	10,524	37,381
Miscellaneous	-	-	-	-	-	4,950	-	4,950
Total expenses before depreciation	582,808	84,524	161,663	828,995	762,914	162,878	186,688	1,112,480
Depreciation	-	1,332	-	1,332	-	5,792	-	5,792
Total Expenses	<u>\$582,808</u>	<u>\$ 85,856</u>	<u>\$ 161,663</u>	<u>\$ 830,327</u>	<u>\$762,914</u>	<u>\$ 168,670</u>	<u>\$ 186,688</u>	<u>\$1,118,272</u>

See notes to financial statements.

GLOBAL JUSTICE CENTER

STATEMENTS OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, 2019
AND YEAR ENDED DECEMBER 31, 2018

	<u>2019</u> <u>(Unaudited)</u>	<u>2018</u> <u>(Audited)</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (153,912)	\$205,819
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	1,332	5,792
Loss on foreign exchange	2,936	4,938
Unrealized (gain) loss on investments	(39,643)	61,270
(Increase) decrease in:		
Unconditional promises to give	66,484	77,628
Prepaid expenses and other assets	31,605	(36,869)
Security deposits	(561)	(544)
Decrease in accounts payable and accrued expenses	(6,342)	(201,033)
Net Cash Provided (Used) By Operating Activities	<u>(98,101)</u>	<u>117,001</u>
Cash Flows From Investing Activities		
Purchase of investments	(9,612)	(185,246)
Purchase of fixed assets	-	(1,594)
Net Cash Used By Investing Activities	<u>(9,612)</u>	<u>(186,840)</u>
Net decrease in cash and cash equivalents	(107,713)	(69,839)
Cash and cash equivalents, beginning of year	<u>450,543</u>	<u>520,382</u>
Cash and Cash Equivalents, End of Year	<u>\$ 342,830</u>	<u>\$450,543</u>

See notes to financial statements.

GLOBAL JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 (Unaudited) AND DECEMBER 31, 2018 (Audited)

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.

In 2019, the Organization changed its year end from calendar year December 31 to September 30. The revenue earned during the nine months ended September 30, 2019 was such that the financial statements did not necessitate an audit, but a review.

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.

GLOBAL JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 (Unaudited) AND DECEMBER 31, 2018 (Audited)

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

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.

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****SEPTEMBER 30, 2019 (Unaudited) AND DECEMBER 31, 2018 (Audited)****Note 1 - Organization and Summary of Significant Accounting Policies (continued)****h - Subsequent Events**

The Organization has evaluated subsequent events through February 7, 2020, 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.

k - Recent Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and related liabilities on the statements of financial position for all leases with terms longer than twelve months and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020. The Organization is currently evaluating the impact of ASU 2016-02 on its financial statements.

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.

GLOBAL JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 (Unaudited) AND DECEMBER 31, 2018 (Audited)

Note 2 - Information Regarding Liquidity and Availability (continued)

The Organization's financial assets as of September 30, 2019 and December 31, 2018, and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2019</u>	<u>2018</u>
Financial Assets at Year-End:		
Cash and cash equivalents	\$ 342,830	\$ 450,543
Unconditional promises to give	345,264	414,684
Investments	<u>452,464</u>	<u>403,209</u>
Total Financial Assets	1,140,558	1,268,436
Less: Amounts Not Available to be Used Within One Year:		
Net assets with donor restrictions, subject to passage of time	(252,082)	(404,164)
Net assets without donor restrictions, subject to spending policy and appropriation	(743,948)	(684,693)
Plus: Net assets with donor restrictions expected to be met in less than one year	<u>252,082</u>	<u>252,083</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 396,610</u>	<u>\$ 431,662</u>

In addition to these financial assets available with one year, the Organization maintains board designated funds of \$741,366, which could be made available at any time to meet cash needs for general expenditures at the discretion of the Board of Directors.

Note 3 - Investments

Investments at September 30, 2019 and December 31, 2018 consist of the following:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Mutual funds	<u>\$465,502</u>	<u>\$452,464</u>	<u>\$455,890</u>	<u>\$403,209</u>

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

GLOBAL JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 (Unaudited) AND DECEMBER 31, 2018 (Audited)

Note 3 - Investments (continued)

The following summarizes net investment income (loss) for the nine months ended September 30, 2019 and the year ended December 31, 2018:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 4,715	\$ 7,528
Capital gain distributions	5,153	28,141
Unrealized gain (loss) on investments	<u>39,643</u>	<u>(61,270)</u>
	<u>\$49,511</u>	<u>\$(25,601)</u>

Note 4 - Net Assets

a - Net Assets Without Donor Restrictions

At September 31, 2019 and December 31, 2018, net assets without donor restrictions include board designated amounts as follows:

	<u>2019</u>	<u>2018</u>
Board designated reserve	\$452,464	\$403,209
Board designated for future investment (Janet Benshoof Memorial Fund)	<u>291,484</u>	<u>281,484</u>
	<u>\$743,948</u>	<u>\$684,693</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 \$452,464 and \$403,209 as of September 30, 2019 and December 31, 2018, respectively. During the nine months ended September 30, 2019, there were no additions or withdrawals to the fund. During the year ended December 31, 2018, there were additions to the fund of approximately \$150,000.

(ii) Janet Benshoof Memorial Fund

As of September 30, 2019 and December 31, 2018, the Organization has a balance of earmarked cash of approximately \$291,000 and \$281,000, respectively, 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.

GLOBAL JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 (Unaudited) AND DECEMBER 31, 2018 (Audited)

Note 5 - Concentrations

- a - The Organization maintains its cash balances in a financial institution located in New York.
- b - As of September 30, 2019 and December 31, 2018, approximately 87% of unconditional promises to give were from four donors, and 97% of unconditional promises to give were from three donors, respectively.
- c - For the nine months ended September 30, 2019 and the year ended December 31, 2018, approximately 57% of new contribution revenue was from three donors, and 80% of new contribution revenue was from four donors, respectively.

Note 6 - Unconditional Promises to Give

Unconditional promises to give are due as follows:

	<u>2019</u>	<u>2018</u>
Due in one year	\$345,264	\$162,602
Due in two to three years	<u>-</u>	<u>252,082</u>
	<u>\$345,264</u>	<u>\$414,684</u>

Uncollectible promises to give are expected to be insignificant.

Note 7 - Property and Equipment

Property and equipment consist of the following at September 30, 2019 and December 31, 2018:

	<u>Life</u>	<u>2019</u>	<u>2018</u>
Computer equipment	3-5 years	\$ 9,227	\$ 9,227
Office equipment	5 years	2,566	2,566
Website	3 years	<u>7,500</u>	<u>7,500</u>
		19,293	19,293
Less: Accumulated depreciation		<u>(16,300)</u>	<u>(14,968)</u>
		<u>\$ 2,993</u>	<u>\$ 4,325</u>

GLOBAL JUSTICE CENTER

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 (Unaudited) AND DECEMBER 31, 2018 (Audited)

Note 8 - Commitment

The Organization occupies office space pursuant to a lease through May 31, 2024, the expiration date. Minimum obligations for rent under this agreement are as follows:

<u>Year Ending September 30,</u>	
2020	\$126,641
2021	129,392
2022	135,499
2023	139,564
2024	94,885

Rent expense for the nine months ended September 30, 2019 and the year ended December 31, 2018 was \$88,977 and \$112,181, respectively.

Note 9 - Retirement Plan

The Organization maintains a SEP-IRA retirement plan for all eligible employees. No contributions to the plan were made during the nine months ended September 30, 2019. For the year ended December 31, 2018, the Organization made contributions to the plan of \$17,557.