



**NATIONAL JUSTICE FOR OUR  
NEIGHBORS**

FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULE

*As of and for the Years Ended December 31, 2015  
and 2014*

*And Report of Independent Auditor*

# NATIONAL JUSTICE FOR OUR NEIGHBORS

## TABLE OF CONTENTS

---

<b>REPORT OF INDEPENDENT AUDITOR .....</b>	<b>1-2</b>
--	------------

### **FINANCIAL STATEMENTS**

Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows .....	5
Notes to the Financial Statements .....	6-8

### **SUPPLEMENTAL SCHEDULE**

Schedule of Functional Expenses.....	9
--------------------------------------	---

## **Report of Independent Auditor**

The Board of Directors of  
National Justice for our Neighbors

The Board of Directors of the  
United Methodist Committee on Relief of the  
General Board of Global Ministries of  
The United Methodist Church

The Audit Committee of the  
General Board of Global Ministries of  
The United Methodist Church

The Committee on Audit and Review of the  
General Council on Finance and Administration of  
The United Methodist Church

We have audited the accompanying financial statements of National Justice for our Neighbors ("NJFON") (a non-profit organization) a wholly-owned subsidiary of the United Methodist Committee on Relief of the General Board of Global Ministries of the United Methodist Church ("UMCOR"), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities 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.

### **Auditor's 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 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 NJFON as of December 31, 2015 and 2014, 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.

**Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses for the year ended December 31, 2015 on page 9 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Cherry Bekaert LLP*

Atlanta, Georgia  
August 5, 2016

**NATIONAL JUSTICE FOR OUR NEIGHBORS**  
**STATEMENTS OF FINANCIAL POSITION**

*DECEMBER 31, 2015 AND 2014*

	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 183,651	\$ 269,360
Due from UMCOR	5,750	100
Accounts receivable	-	60,605
Prepaid assets	3,219	3,128
<b>Total Assets</b>	<u>\$ 192,620</u>	<u>\$ 333,193</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 96,433	\$ 151,174
<b>Total Liabilities</b>	<u>96,433</u>	<u>151,174</u>
Net Assets:		
Unrestricted	96,187	132,019
Temporarily restricted	-	50,000
<b>Total Net Assets</b>	<u>96,187</u>	<u>182,019</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 192,620</u>	<u>\$ 333,193</u>

**NATIONAL JUSTICE FOR OUR NEIGHBORS**  
**STATEMENTS OF ACTIVITIES**

*YEARS ENDED DECEMBER 31, 2015 AND 2014*

	<b>2015</b>	<b>2014</b>
<b>UNRESTRICTED SUPPORT AND REVENUE</b>		
Revenues:		
Grants from UMCOR	\$ 815,542	\$ 827,080
Other income	120,227	57,944
Net assets released from restriction	50,000	-
Total Unrestricted Support and Revenue	<u>985,769</u>	<u>885,024</u>
Expenses:		
Program Services:		
Special ministries	928,851	813,744
Total Program Services	<u>928,851</u>	<u>813,744</u>
Supporting Services:		
Management and general	62,750	64,266
Fundraising	30,000	30,734
Total Supporting Services	<u>92,750</u>	<u>95,000</u>
Total Expenses	<u>1,021,601</u>	<u>908,744</u>
Change in unrestricted net assets	<u>(35,832)</u>	<u>(23,720)</u>
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Grant from United Methodist Women	-	50,000
Net assets released from restriction	<u>(50,000)</u>	<u>-</u>
Change in temporarily restricted net assets	<u>(50,000)</u>	<u>50,000</u>
Change in net assets	(85,832)	26,280
Net assets, beginning of year	<u>182,019</u>	<u>155,739</u>
Net assets, end of year	<u><u>\$ 96,187</u></u>	<u><u>\$ 182,019</u></u>

**NATIONAL JUSTICE FOR OUR NEIGHBORS**  
**STATEMENTS OF CASH FLOWS**

*YEARS ENDED DECEMBER 31, 2015 AND 2014*

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (85,832)	\$ 26,280
Adjustments to reconcile change in net assets to net cash from operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	60,605	(60,605)
Due to/from UMCOR	(5,650)	(371)
Prepaid assets	(91)	(3,128)
Accounts payable and accrued expenses	<u>(54,741)</u>	<u>57,191</u>
Net cash flows from operating activities	<u>(85,709)</u>	<u>19,367</u>
Net change in cash and cash equivalents	(85,709)	19,367
Cash and equivalents, beginning of year	<u>269,360</u>	<u>249,993</u>
Cash and equivalents, end of year	<u>\$ 183,651</u>	<u>\$ 269,360</u>

# NATIONAL JUSTICE FOR OUR NEIGHBORS

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

---

### **Note 1—Organization and nature of operations**

National Justice for our Neighbors ("NJFON"), a tax-exempt, not-for-profit organization, was established by the United Methodist Committee on Relief of the General Board of Global Ministries of The United Methodist Church ("UMCOR") to support a network of NJFON sites whose functions are to provide hospitality and compassion to low-income immigrants through immigration legal services, advocacy, and education. NJFON's activity is consolidated into the financial statements of UMCOR, who is the sole member of NJFON.

Founded in 2012 by UMCOR, NJFON is one way in which churches can walk alongside immigrants as they come out of hiding to seek remedy for their immigration situations. Through interaction with NJFON, immigrants not only receive immigration counseling, they also find places to belong, ways to contribute, and individuals who care about their lives in the United States.

### **Note 2—Summary of significant accounting policies**

*Basis of Presentation* – The financial statements of NJFON have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America ("GAAP"). NJFON is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

*Concentrations of Credit Risk* – Financial instruments which potentially subject NJFON to concentrations of credit risk consist principally of cash and cash equivalents. Cash and cash equivalents at December 31, 2015 and 2014 includes cash and demand deposits at financial institutions which management believes are high quality institutions. The cash and cash equivalents possess credit risk to the extent they exceed federally insured limits.

*Cash and Cash Equivalents* – Cash and cash equivalents consist of cash on hand and deposits with banks. NJFON considers all highly liquid investments purchased with an original maturity of three months or less when purchased to be cash equivalents.

*Revenue Recognition* – Revenue from exchange transactions and other non-contribution related revenue are recognized as earned.

*Contributions* – Contributions, which include unconditional promises to give, are recognized as revenue when received.

*Grants from UMCOR* – NJFON receives grant funding directly from UMCOR which is used for the purposes of fulfilling the mission of NJFON and to cover operating expenses. Any grant funding received from UMCOR is recorded as unrestricted revenue when received.

*Income Taxes* – NJFON is covered under The General Council on Finance and Administration of the United Methodist Church ("GCFA") group determination letter from the Internal Revenue Service indicating that it is a nonprofit corporation and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. NJFON had no unrelated business income during the years ended December 31, 2015 and 2014.



# NATIONAL JUSTICE FOR OUR NEIGHBORS

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

---

### **Note 2—Summary of significant accounting policies (continued)**

NJFON accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for NJFON include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, NJFON has determined that such tax positions do not result in an uncertainty requiring recognition.

*Net Assets* – Unrestricted net assets represent resources over which the board of directors has full discretion with respect to use.

Temporarily restricted net assets represent resources, which have been time- and/or purpose-restricted by the specific donor. At December 31, 2015 and 2014, temporarily restricted net assets totaled \$0 and \$50,000, respectively.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by donors or state law. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported as net assets released from restrictions.

*Use of Estimates* – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*New Accounting Pronouncements* – On January 1, 2015, NJFON adopted Accounting Standards Update (“ASC”) 2013-06, *Not-for-Profit Entities* (Topic 958): *Services Received from Personnel of an Affiliate*, a consensus of the EITF. This guidance requires a recipient not-for-profit entity to recognize all services received from personnel of an affiliate that directly benefit the recipient not-for-profit entity. Those services should be measured at the cost recognized by the affiliate for the personnel providing those services. NJFON recognized \$48,047 in revenue and expenses for the year ended December 31, 2015 related to services received from the personnel of UMCOR.

### **Note 3—Transactions with related entities**

During the years ended December 31, 2015 and 2014, NJFON received \$815,542 and \$827,080, respectively, from UMCOR constituting 83% and 93% of NJFON's total unrestricted revenues, respectively. NJFON has received a commitment for continued support from UMCOR. Amounts due from UMCOR at December 31, 2015 were \$5,750 and \$100 at December 31, 2015 and 2014, respectively.

**NATIONAL JUSTICE FOR OUR NEIGHBORS**  
**NOTES TO THE FINANCIAL STATEMENTS**

*DECEMBER 31, 2015 AND 2014*

---

**Note 4—Lease commitments**

NJFON has a non-cancelable operating lease for its office space, which expires in 2018. Total rent expense incurred by NJFON totaled \$38,500 and \$34,147 for the years ended December 31, 2015 and 2014, respectively.

The future minimum lease payments under these agreements at December 31, 2015, are as follows:

Year Ending December 31,	
2016	\$ 38,724
2017	39,423
2018	<u>13,270</u>
	<u>\$ 91,417</u>

**Note 5—Subsequent events**

Management has evaluated subsequent events through August 5, 2016, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.

**SUPPLEMENTAL SCHEDULE**

**NATIONAL JUSTICE FOR OUR NEIGHBORS**  
**SCHEDULE OF FUNCTIONAL EXPENSES**

*YEAR ENDED DECEMBER 31, 2015*

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Salaries and wages	\$ 195,238	\$ 9,000	\$ -	\$ 204,238
Fringe benefits	28,040	1,156	-	29,196
Rent	38,500	-	-	38,500
Telephone	2,520	-	-	2,520
Postage and freight	176	76	-	252
Office supplies	2,486	851	-	3,337
Grants/contributions and other direct programs	576,261	-	-	576,261
Consultant fees	1,657	-	30,000	31,657
Data processing rental and service	30,504	3,620	-	34,124
Services rendered by other agencies	-	48,047	-	48,047
Meeting expense	6,581	-	-	6,581
Travel - staff	25,891	-	-	25,891
All other insurance	19,703	-	-	19,703
Miscellaneous	1,294	-	-	1,294
<b>Total Expenses</b>	<b>\$ 928,851</b>	<b>\$ 62,750</b>	<b>\$ 30,000</b>	<b>\$ 1,021,601</b>