

# **AVENUES FOR JUSTICE, INC.**

Audited Financial Statements

December 31, 2022



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Avenues For Justice, Inc.

### ***Opinion***

We have audited the accompanying financial statements of Avenues For Justice, Inc. ("AFJ"), which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of AFJ as of December 31, 2022, and the changes in net assets 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 ("GAAS"). 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 AFJ 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 AFJ'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 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.

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 AFJ'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 AFJ'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.

A handwritten signature in blue ink that reads "Sax CPAs LLP".

New York, NY  
November 15, 2023

**AVENUES FOR JUSTICE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2022**

**Assets**

Cash and cash equivalents	\$732,919
Investments	1,665,647
Contributions and grants receivable	374,736
Prepaid expenses and other assets	50,247
Fixed assets, net	179,021
Operating lease right-of-use asset	57,100
	<hr/>
Total assets	<u><u>\$3,059,670</u></u>

**Liabilities and Net Assets**

Liabilities:	
Accounts payable and accrued expenses	\$30,017
Accrued salaries and vacation payable	58,511
Operating lease liability	63,773
	<hr/>
Total liabilities	<u>152,301</u>
Net assets:	
Without donor restrictions	2,723,572
With donor restrictions	183,797
	<hr/>
Total net assets	<u>2,907,369</u>
	<hr/>
Total liabilities and net assets	<u><u>\$3,059,670</u></u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**AVENUES FOR JUSTICE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue:			
Contributions	\$1,308,044	\$191,250	\$1,499,294
Special event income (net of expenses with a direct benefit to donor)	329,320		329,320
Government grants	280,120		280,120
Interest and dividends	26,697		26,697
Net assets released from restrictions	158,427	(158,427)	0
Total public support and revenue	2,102,608	32,823	2,135,431
Functional expenses:			
Program services			
Court advocacy	1,179,363		1,179,363
Community services	572,304		572,304
Total program services	1,751,667	0	1,751,667
Supporting services:			
Management and general	328,744		328,744
Fundraising	156,336		156,336
Total supporting services	485,080	0	485,080
Total functional expenses	2,236,747	0	2,236,747
Change in net assets from operations	(134,139)	32,823	(101,316)
Non-operating activity:			
Investment return	(66,864)		(66,864)
Total non-operating activity	(66,864)	0	(66,864)
Change in net assets	(201,003)	32,823	(168,180)
Net assets - beginning of year, as originally stated	2,812,226	25,000	2,837,226
Prior period adjustment	112,349	125,974	238,323
Net assets - beginning of year, as restated	2,924,575	150,974	3,075,549
Net assets - end of year	\$2,723,572	\$183,797	\$2,907,369

*The attached notes and auditor's report are an integral part of these financial statements.*

**AVENUES FOR JUSTICE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services			Supporting Services				
	Court Advocacy	Community Services	Total Program Services	Management and General	Fundraising	Cost of direct benefits to donors	Total Supporting Services	Total Functional Expenses
Salaries	\$626,647	\$292,960	\$919,607	\$52,807			\$52,807	\$972,414
Payroll taxes and employee benefits	207,764	97,131	304,895	17,508			17,508	322,403
Direct assistance to clients	150,118		150,118				0	150,118
Professional fees	50,032		50,032	99,811	\$108,000		207,811	257,843
Supplies	6,327	2,555	8,882	1,185			1,185	10,067
Occupancy		84,416	84,416	26,100			26,100	110,516
Telephone	30,922		30,922	3,436			3,436	34,358
Postage and printing	4,977	889	5,866	608	719		1,327	7,193
Travel and conferences	2,720		2,720				0	2,720
Insurance	15,200	32,933	48,133	2,533			2,533	50,666
Repairs and maintenance	63,890	3,416	67,306				0	67,306
Event expenses			0		47,617	\$63,729	111,346	111,346
Depreciation	14,895	52,133	67,028	7,448			7,448	74,476
Office expenses	5,871	5,871	11,742	74,785			74,785	86,527
Other expenses			0	42,523			42,523	42,523
Total expenses	1,179,363	572,304	1,751,667	328,744	156,336	63,729	548,809	2,300,476
Less: direct costs of special events netted with revenue			0			(63,729)	(63,729)	(63,729)
Total functional expenses	<u>\$1,179,363</u>	<u>\$572,304</u>	<u>\$1,751,667</u>	<u>\$328,744</u>	<u>\$156,336</u>	<u>\$0</u>	<u>\$485,080</u>	<u>\$2,236,747</u>

*The attached notes and auditor's report are an integral part of these financial statements.*

**AVENUES FOR JUSTICE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash flows from operating activities:	
Change in net assets	(\$168,180)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	74,476
Net realized and unrealized loss on investments	62,547
Change in operating lease right-of-use asset and liability	6,673
Changes in assets and liabilities:	
Contributions and grants receivable	27,643
Prepaid expenses and other assets	(4,594)
Accounts payable and accrued expenses	(492)
Accrued salaries and vacation payable	23,778
Deferred rent	(11,491)
Total adjustments	178,540
Net cash provided by operating activities	10,360
Cash flows from investing activities:	
Purchase of fixed assets	(11,292)
Proceeds from investment sales	1,367,110
Purchases of investments	(1,467,623)
Net cash used for investing activities	(111,805)
Net decrease in cash and cash equivalents	(101,445)
Cash and cash equivalents - beginning of year	834,364
Cash and cash equivalents - end of year	\$732,919
Supplemental disclosure of cash flow information:	
Total interest and taxes paid	\$0

*The attached notes and auditor's report are an integral part of these financial statements.*

**AVENUES FOR JUSTICE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**Note 1 - Organization and Nature of Activities**

As one of the first Alternative to Incarceration (“ATI”) programs for youth in the country, for 40+ years, Avenues for Justice, Inc. (“AFJ”) has diverted thousands of African American and Hispanic youth and young adults, ages 13 to 24, across New York City from a punitive criminal justice system to a supportive program designed to help them avoid future crime and lead successful lives. AFJ’s key program is ongoing court advocacy to prevent court-involved youth from being incarcerated. AFJ then provides multiple programs for job training, educational success, and mental health wellness to these Participants and to those at-risk of involvement in the criminal justice system. In 2022, only 6% of our court-involved Participants were reconvicted of a new crime within three years of enrolling in our program.

AFJ was incorporated in 1979 following several years of service led by Lower East Side residents, Robert Siegal and Angel Rodriguez, and has been continuously Hispanic led for over 40 years by Co-founder and Executive Director, Angel Rodriguez. Avenues for Justice’s Chair is African American, and the management team is 100% African American. 83% of our Staff are African American and Hispanic. Of our total Participants in 2022: 51% were African American, 36% were Hispanic, and 13% were multi-ethnic.

**Who We Serve**

AFJ serves youth and young adults across New York City, ages 13 to 24, in these categories:

- **Court-Involved:** Includes ATI, Diversion (short-term ATI for younger Participants in Family Court), and Re-entry.
- **At-Risk:** AFJ’s doors are always open to any youth in need for long-term engagement or short-term assistance and referrals.

**Program Locations**

AFJ serves youth across New York City both online and also onsite at Community Centers in underserved areas in New York City where many of Participants live, providing community-based safe spaces for services. Many of AFJ’s Court Advocates are life-long residents of those very communities and know them well, including how to enlist local volunteers, businesses, and resources to support AFJ’s Participants. In turn, the communities know and trust AFJ with their young people.



- **Headquarters inside Manhattan Criminal Courthouse:** AFJ maintains headquarters inside the Manhattan Criminal Courthouse so that staff can respond quickly when youth and young adults enter for a court date.
- **Robert Siegal Community Center - Lower East Side:** Our flagship site has served Participants continuously since the 1980s. In 2022, New York City Council and Community Board 3 co-named the block, “Avenues for Justice Way”.
- **Harlem Community Center:** In the 1990s, AFJ replicated its programs to serve Participants across Upper Manhattan, Harlem, and Washington Heights more easily.
- Programs can also be accessed via a hybrid in-person and virtual platform.

## Programs

**Court Advocacy:** By basing our headquarters inside the Manhattan Criminal Courthouse, staff can respond quickly when youth and young adults enter for a court date, assess their needs prior to trial and advocate to a judge that they be mandated to AFJ’s services instead of detention or prison. Participants are then assigned to one of AFJ’s Community Centers in Harlem or the Lower East Side for our wraparound HIRE UP services, which are also available online via a hybrid platform. Court Advocates stay on call 24/7 to mentor both the Participants and their families, and handle crises as they arise. The Court Advocate collaborates with each Participant to co-create a comprehensive Individual Action Plan. The Individual Action Plan does not address a crime. It addresses a person with a specific set of needs, risks, and strengths and, therefore, is more likely to succeed in preventing future crime and changing behavior than a uniform approach. Further, when possible, the Individual Action Plan addresses and enlists the Participant’s family as well.

**Wraparound HIRE UP Services:** At AFJ’s community centers, and also online, Participants access mentoring, case management, and workshops for digital literacy with certification, OSHA construction safety, job readiness and financial literacy led by Corporate partners, Legal Rights and Responsibilities to help them avoid re-arrests, mental health wellness that includes Art Therapy and both group and individual sessions, and communications training in social media, videography, and other media. AFJ also works with Participants to assist them with reenrolling and graduating from school, matching them up with our bank of 60 volunteers, including tutors.

AFJ is a not-for-profit organization and has been notified by the Internal Revenue Service (“IRS”) that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and has not been determined to be a private foundation as defined in Section 509(a). AFJ’s main sources of revenue are contributions and government grants.

## Note 2 - Significant Accounting Policies

### a. Basis of Accounting

The financial statements of AFJ have been prepared on the accrual basis of accounting which is the process of recording revenue and expenses when earned or incurred rather than received or paid.

### b. Recently Adopted Accounting Pronouncements

Effective January 1, 2022, AFJ adopted the Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. AFJ elected transition relief that allows entities, in the period of adoption, to present the current period under FASB's Accounting Standards Codification ("ASC") 842 and the comparative period under FASB ASC 840. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing FASB ASU No. 2016-02, AFJ recognized right-of-use ("ROU") assets of \$168,704 and lease liabilities totaling \$188,322 in its statement of financial position as of January 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Effective January 1, 2022, AFJ adopted FASB ASU No. 2020-07, *Presentation and Disclosures by Not-for-profit Entities for Contributed Nonfinancial Assets*. This ASU focuses on improving transparency in the reporting of contributed nonfinancial assets and requires a separate line-item presentation on the statement of activities and additional disclosures. Adoption of this standard did not have a material impact on the AFJ's financial statements.

### c. Basis of Presentation

AFJ reports information regarding their financial position and activities according to the following classes of net assets:

- *Net Assets Without Donor Restrictions* - represents those resources for which there are no restrictions by donors as to their use.
- *Net Assets With Donor Restrictions* - represents those resources, the uses of which have been restricted by donors to specific purposes or the passage of time. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

### d. Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to AFJ's ongoing services. Non-operating activities are limited to realized and unrealized gains on investments net of investment fees.

e. Revenue Recognition

AFJ follows the requirements of FASB ASC 958-605 for recording contributions, which are recorded at the time a contribution becomes unconditional in nature. Contributions are recorded in one of the classes of net assets described above, depending on the existence and/or nature of any donor-imposed restriction. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they are received, they are classified as without donor restrictions.

AFJ records unconditional promises to give as revenue in the period received at net realizable value if expected to be received within one year or at fair value using risk adjusted present value techniques if material and expected to be received after one year. As of December 31, 2022, all unconditional promises to give are due within one year.

Government grants received by AFJ are conditional non-exchange transactions and fall under the scope of FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are recorded as deferred revenue.

Government grants may be subject to conditions which are defined as both a barrier to entitlement and a right of return of payments, or release from obligations, and are recognized as income once the conditions have been substantially met. As of December 31, 2022, conditional grants that have not been recognized amounted to \$121,657 which is conditioned upon incurring qualifying expenses and conducting programmatic activity.

Management has not established a reserve for uncollectible government grants and contributions receivables because all receivables are considered to be fully collectible based on specific analysis and historical experience.

f. Cash and Cash Equivalents

AFJ considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents, which includes cash held in banks and money market funds other than those held by the investment manager.

g. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Net realized and unrealized gains and losses, net of investment fees are included on the statement of activities.

Donated securities are recorded at fair value on the date of the gift and, except as otherwise required by the donor, are immediately sold by AFJ. Since it is AFJ's policy to sell the donated securities upon receipt, the contributions are classified as operating activities in the statement of cash flows unless the donor restricts the use of the contributed resources to long-term purposes, in which case those cash receipts are classified as cash flows from financing activities.

h. Fair Value Measurements

Accounting standards have established a fair value hierarchy giving the highest priority to quoted market prices in active markets and the lowest priority to unobservable data.

The fair value hierarchy is categorized into three levels based on the inputs as follows:

- Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the AFJ has the ability to access.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

i. Concentration of Credit Risk

Financial instruments, which potentially subject AFJ to a concentration of credit risk consist of cash, money market accounts and investment securities, which have been placed with high-quality financial institutions that management deems to be creditworthy. The market value of investments is subject to fluctuation; however, management believes that their investment policy is prudent for the long-term welfare of AFJ. Although, at times and at year end balances may exceed federally insured limits, management feels they have little risk and has not experienced any losses due to bank failure.

j. Fixed Assets

Fixed assets that AFJ retains title to that exceed a dollar threshold of \$1,000, and which benefit future periods are capitalized at cost or at the fair value at the date of gift, if donated. Maintenance and repairs, which neither materially add to the value of the asset nor appreciably prolong its life, are charged to expense as incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Building - *40 years*

Building improvements - *20 years*

Equipment - *3 to 6 years*

Leasehold improvements - *4 years*

k. Leases (FASB ASC 842) and Deferred Rent (FASB ASC 840)

Prior to the implementation of FASB ASC 842 as discussed in Note 2b, AFJ recorded rent on the straight-line basis over the life of the lease in accordance with FASB ASC 840. Under this prior treatment deferred rent is accrued when rent expense is recognized in excess of cash payments, primarily due to free rent received at the beginning of the lease. As future payments exceed the annual expense recognized, deferred rent is reduced to zero by the end of the lease term.

Under FASB ASC 842, adopted as of January 1, 2022, AFJ determines if an arrangement is or contains a lease at inception. Leases are included in ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. The change in operating lease right-of-use asset and liability on the statement of cash flows includes the amortization of the ROU asset and cash payments for leases offset by the accretion of the discounted lease liability. Operating lease expense is recognized on a straight-line basis over the lease term. AFJ does not report ROU assets and lease liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that AFJ will exercise that option.

l. In-Kind Contributions

Donated services are recognized in circumstances when they create or enhance non-financial assets or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided in-kind.

Board members and other individuals volunteer considerable time and perform a variety of services that assist AFJ. These services have not been recorded in the financial statements because they do not meet the criteria for recognition as outlined above.

m. Advertising Costs

Advertising costs are expensed as incurred.

n. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis.:

- Salaries
- Payroll taxes and employee benefits
- Professional fees
- Supplies
- Telephone
- Postage and printing
- Insurance
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

o. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

p. Contingencies

Government contracts are subject to audit by the grantor. Management does not believe that any audits, if they were to occur, would result in material disallowed costs, and has not established any reserves. Any disallowed costs would be recorded in the period notified.

q. Accounting for Uncertainty of Income Taxes

AFJ does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2019 and later are subject to examination by applicable taxing authorities.

### Note 3 - Investments

The following table presents the fair value hierarchy of assets that are measured at fair value at December 31, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Investments:			
Cash and cash equivalents	\$ 206,508	\$0	\$ 206,508
Mutual funds:			
Equity funds	97,196	0	97,196
Bond funds	226,317	0	226,317
Hedge funds	57,253	0	57,253
Allocation funds	5,586	0	5,586
Commodities	2,205	0	2,205
U.S. Treasury notes and bonds	<u>0</u>	<u>1,070,582</u>	<u>1,070,582</u>
Total	<u>\$595,065</u>	<u>\$1,070,582</u>	<u>\$1,665,647</u>

Level 1 securities are valued at the closing price reported on the active market that they are traded on. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. Those methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements.

For the year ended December 31, 2022, investment return consisted of:

Realized and unrealized loss	
on investments	(\$62,547)
Investment fees	<u>(4,317)</u>
Total investment return	<u>(\$66,864)</u>

**Note 4 - Fixed Assets**

Fixed assets at December 31, 2022 consist of the following:

Land	\$20,000
Building	301,211
Building improvements	464,644
Equipment	175,931
Leasehold improvements	<u>469,518</u>
	1,431,304
Less: accumulated depreciation	<u>(1,252,283)</u>
Total fixed assets, net	<u>\$179,021</u>

**Note 5 - Operating Lease Right-of-Use Asset and Operating Lease Liability**

AFJ evaluated current contracts to determine which met the criteria of a lease. AFJ leases office space in New York City under a non-cancelable lease which expires November 30, 2023. The lease does not include any extension options.

The ROU assets represent AFJ's right to use the underlying asset for the lease term, and the lease liabilities represent AFJ's obligation to make lease payments arising from this lease. The ROU assets and lease liabilities were calculated based on the present value of future lease payments over the lease terms. As of December 31, 2022, the weighted-average remaining lease term for AFJ's operating lease was 11 months. AFJ has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of December 31, 2022 was 0.78%.

For the year ended December 31, 2022, total operating lease cost was \$62,518 and cash paid for operating leases was \$67,336. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2b.

Future maturities of lease liabilities are presented in the following table:

Total lease payments due for the year ending December 31, 2023	\$63,981
Less: present value discount	<u>(208)</u>
Total lease obligation	<u>\$63,773</u>

Subsequent to year-end, AFJ amended their lease to extend the lease through November 30, 2028. The right-of-use asset and lease liability related to this amendment is expected to approximate to \$400,000.

**Note 6 - Net Assets With Donor Restrictions**

The following summarizes the nature of net assets with donor restrictions as of December 31, 2022:

Program restrictions:	
Hire Up	\$125,563
Media Organizing Program	<u>3,234</u>
Total program restrictions	128,797
Time restriction	<u>55,000</u>
Total	<u>\$183,797</u>

**Note 7 - Special Event**

The special event proceeds for the year ended December 31, 2022 are summarized as follows:

Gross revenue	\$393,049
Less: expenses with a direct benefit to donor	<u>(63,729)</u>
	329,320
Less: other event expenses	<u>(47,782)</u>
Net event income	<u>\$281,538</u>

**Note 8 - Prior Period Adjustments**

Prior period adjustments were made to recognize omitted contribution revenue and government grant revenue earned during the year ended December 31, 2021 in the amounts of \$125,000 and \$113,323 respectively. As a result, the beginning balances of net assets were restated as follows:

	Balance Originally Stated	Adjustments	Restated Balance
Net assets - with donor restrictions	\$2,812,226	\$112,349	\$2,924,575
Net assets - without donor restrictions	\$25,000	\$125,974	\$150,974
Total net assets	\$2,837,226	\$238,323	\$3,075,549



**Note 9 - Retirement Plan**

AFJ offers all employees the option of participating in a 401(k) retirement plan after 1 year of service and who are at least 18 years old. All eligible employees may elect to defer a portion of their salary and contribute to this plan up to statutory amounts. In order to be eligible to receive the employer contribution, the employee must work at least 1,000 hours in the calendar year. The plan provides a matching contribution by the employer to a maximum of 4% of eligible employee compensation. Amounts contributed to the plan were \$28,081 for the year ended December 31, 2022.

**Note 10 - Line of Credit**

AFJ had a revolving line of credit in the amount of \$500,000 with First Republic Bank with a variable interest rate that expires in April 2023. The variable rate is defined as the U.S. prime rate published by the Wall Street Journal rounded to the nearest 0.125%. The line of credit is collateralized by AFJ's assets. As of December 31, 2022, there was no balance outstanding. Subsequent to yearend, the line of credit was extended until April 2024.

**Note 11 - Availability and Liquidity**

AFJ maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, AFJ operates its programs within a board-approved budget and relies on contributions and government grants to fund its operations and program activities.

Financial assets available within one year of the date of the statement of financial position for general expenditure are as follows:

Financial assets at year-end:

Cash and cash equivalents	\$732,919
Investments	1,665,647
Contributions and grants receivable	<u>374,736</u>

Total financial assets	\$2,773,302
------------------------	-------------

Amounts not available for general expenditures:

Donor restricted for specific purposes	<u>(128,797)</u>
--	------------------

Financial assets available within one year

to meet cash needs for general expenditures	<u>\$2,644,505</u>
---	--------------------

**Note 12 - Subsequent Events**

Subsequent events have been evaluated through November 15, 2023, the date the financial statements were available to be issued. Adjustments and disclosures have been made for all subsequent events that have occurred.