

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Financial Statements
December 31, 2020 and 2019**

Together with Independent Auditor's Report

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

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Independent Auditor's Report

To the Board of Directors of
Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center
Omaha, Nebraska:

Report on the Financial Statements

We have audited the accompanying financial statements of Justice For Our Neighbors - Nebraska d/b/a Immigrant Legal Center (the Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, cash flows and functional expenses 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 audits 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 the Organization as of December 31, 2020 and 2019, 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.

SEIM JOHNSON, LLP

Omaha, Nebraska,
March 23, 2021.

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Statements of Financial Position
December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 2,414,803	2,484,990
Contributions receivable, net of discount	900,250	1,254,199
Prepaid expenses and other assets	25,689	27,629
Property and equipment, net	<u>3,087,450</u>	<u>3,164,874</u>
Total assets	<u>\$ 6,428,192</u>	<u>6,931,692</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 15,175	143,764
Payroll liabilities	118,556	156,050
Capital lease obligations	26,697	--
Notes payable	<u>420,648</u>	<u>--</u>
Total liabilities	<u>581,076</u>	<u>299,814</u>
Commitments		
Net assets:		
Without donor restrictions	3,082,373	3,214,719
With donor restrictions	<u>2,764,743</u>	<u>3,417,159</u>
Total net assets	<u>5,847,116</u>	<u>6,631,878</u>
Total liabilities and net assets	<u>\$ 6,428,192</u>	<u>6,931,692</u>

See notes to financial statements

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Statement of Activities
For the Year Ended December 31, 2020**

	2020		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUES:			
Contributions	\$ 832,177	1,452,364	2,284,541
Special events	185,161	--	185,161
Less: Cost of direct donor benefits	(14,675)	--	(14,675)
Program grants	168,354	--	168,354
Interest income	3,573	--	3,573
Other income	72,969	--	72,969
Net assets released from restriction	<u>2,104,780</u>	<u>(2,104,780)</u>	<u>--</u>
Total operating support and revenues	<u>3,352,339</u>	<u>(652,416)</u>	<u>2,699,923</u>
EXPENSES:			
Program services	2,368,575	--	2,368,575
Management and general	903,650	--	903,650
Fundraising expenses	<u>212,460</u>	<u>--</u>	<u>212,460</u>
Total expenses	<u>3,484,685</u>	<u>--</u>	<u>3,484,685</u>
CHANGE IN NET ASSETS	(132,346)	(652,416)	(784,762)
NET ASSETS, BEGINNING OF YEAR	<u>3,214,719</u>	<u>3,417,159</u>	<u>6,631,878</u>
NET ASSETS, END OF YEAR	<u>\$ 3,082,373</u>	<u>2,764,743</u>	<u>5,847,116</u>

See notes to financial statements

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Statement of Activities
For the Year Ended December 31, 2019**

	2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUES:			
Contributions	\$ 382,437	881,000	1,263,437
Special events	418,621	--	418,621
Less: Cost of direct donor benefits	(19,719)	--	(19,719)
Program grants	194,644	--	194,644
Interest income	14,021	--	14,021
Unrealized gain	195	--	195
Net assets released from restriction	<u>3,159,264</u>	<u>(3,159,264)</u>	<u>--</u>
Total operating support and revenues	<u>4,149,463</u>	<u>(2,278,264)</u>	<u>1,871,199</u>
EXPENSES:			
Program services	2,310,533	--	2,310,533
Management and general	867,495	--	867,495
Fundraising expenses	<u>289,402</u>	<u>--</u>	<u>289,402</u>
Total expenses	<u>3,467,430</u>	<u>--</u>	<u>3,467,430</u>
CHANGE IN NET ASSETS	682,033	(2,278,264)	(1,596,231)
NET ASSETS, BEGINNING OF YEAR	<u>2,532,686</u>	<u>5,695,423</u>	<u>8,228,109</u>
NET ASSETS, END OF YEAR	<u>\$ 3,214,719</u>	<u>3,417,159</u>	<u>6,631,878</u>

See notes to financial statements

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (784,762)	(1,596,231)
Adjustments to reconcile the change in net assets to net cash (used in) provided by operating activities -		
Depreciation and amortization	174,515	130,598
Donated securities	--	(9,467)
Proceeds from sale of donated securities	--	9,467
Contributions restricted for investment in capital projects	--	(129,600)
(Increase) decrease in assets -		
Contributions receivable, net of discount	188,949	1,838,508
Prepaid expenses and other assets	1,940	(7,436)
Security deposit	--	1,050
Increase (decrease) in liabilities -		
Accounts payable	(128,589)	(27,605)
Payroll liabilities	(37,494)	(21,636)
Accrued expenses	--	(59,154)
Net cash (used in) provided by operating activities	<u>(585,441)</u>	<u>128,494</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(50,166)	(319,396)
Proceeds from disposal of property and equipment	--	4,251
Net cash used in investing activities	<u>(50,166)</u>	<u>(315,145)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	420,648	--
Payments on capital lease obligations	(20,228)	--
Proceeds from contributions restricted for investment in capital projects	165,000	176,600
Net cash provided by financing activities	<u>565,420</u>	<u>176,600</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(70,187)	(10,051)
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, Beginning of year	<u>2,484,990</u>	<u>2,495,041</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, End of year	<u>\$ 2,414,803</u>	<u>2,484,990</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Accrued purchases of property and equipment	<u>\$ --</u>	<u>102,439</u>
Donated securities	<u>\$ --</u>	<u>9,467</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES:		
Capital lease obligations for property and equipment	<u>\$ 46,925</u>	<u>--</u>

See notes to financial statements

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Statement of Functional Expenses
For the Year Ended December 31, 2020**

	Rural Capacity Building	Domestic Violence	Policy & Advocacy	Child & Family	Immigrant Medical Legal Partnership	NILAH	Iowa Services	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 957,534	103,034	79,401	220,133	186,638	98,963	123,341	1,769,044	384,000	122,703	2,275,747
Employee benefits and payroll taxes	206,610	19,718	16,548	42,465	43,684	23,264	27,072	379,361	101,944	13,434	494,739
Occupancy	65,332	665	538	2,002	1,636	6,299	2,230	78,702	125,981	271	204,954
Interest, depreciation and amortization	--	--	--	--	--	--	--	--	175,028	--	175,028
Legal, accounting and other professional services	23,092	404	21,202	1,004	1,000	512	751	47,965	67,655	5,342	120,962
Marketing and fundraising	3,882	--	50	53	--	--	--	3,985	881	68,814	73,680
Staff development	19,283	1,928	245	4,289	2,269	288	802	29,104	12,217	3,740	45,061
Office supplies, postage, copier	17,328	65	--	301	104	373	--	18,171	17,917	2,597	38,685
Software license and subscriptions	13,206	1,398	989	2,855	2,370	108	2,036	22,962	7,258	2,344	32,564
Meals and travel	10,934	633	396	1,563	771	783	1,435	16,515	1,824	7,890	26,229
Other management expenses	--	--	--	--	--	--	--	--	8,700	--	8,700
Client related	1,998	--	--	--	209	319	--	2,526	245	--	2,771
Advocacy	240	--	--	--	--	--	--	240	--	--	240
Total expenses before cost of direct donor benefits	1,319,439	127,845	119,369	274,665	238,681	130,909	157,667	2,368,575	903,650	227,135	3,499,360
Less: Cost of direct donor benefit	--	--	--	--	--	--	--	--	--	14,675	14,675
Total expenses	\$ 1,319,439	127,845	119,369	274,665	238,681	130,909	157,667	2,368,575	903,650	212,460	3,484,685

See notes to financial statements

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Statement of Functional Expenses
For the Year Ended December 31, 2019**

	Rural Capacity Building	Domestic Violence	Policy & Advocacy	Child & Family	Immigrant Medical Legal Partnership	NILAH	Iowa Services	Other Program Expenses	Total Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 797,909	72,133	72,068	207,147	174,159	77,434	141,012	4,408	1,546,270	324,693	178,560	2,049,523
Employee benefits and payroll taxes	196,996	15,308	13,199	48,599	45,597	35,074	28,236	422	383,431	100,632	33,732	517,795
Occupancy	72,639	3,448	1,819	6,513	6,776	8,457	9,223	62	108,937	150,357	8,722	268,016
Legal, accounting and other professional services	20,064	1,379	21,198	4,126	3,607	1,402	3,279	--	55,055	90,512	3,111	148,678
Interest, depreciation and amortization	--	--	--	--	--	--	--	--	--	130,598	--	130,598
Marketing and fundraising	9,467	99	--	--	99	1,402	49	--	11,116	1,201	76,666	88,983
Meals and travel	58,780	1,407	824	2,902	3,553	263	5,292	469	73,490	9,608	574	83,672
Staff development	38,625	1,102	1,797	3,749	3,913	1,554	2,233	--	52,973	25,953	3,982	82,908
Office supplies, postage, copier	34,218	3,085	1,231	4,402	4,452	2,386	2,525	--	52,299	7,246	3,774	63,319
Software license and subscriptions	10,290	1,285	826	2,281	3,333	93	813	--	18,921	8,814	--	27,735
Other management expenses	--	--	--	--	--	--	--	--	--	11,742	--	11,742
Small equipment	1,295	--	--	732	--	--	--	--	2,027	5,309	--	7,336
Client related	141	--	--	4,938	363	347	100	125	6,014	830	--	6,844
Total expenses before cost of direct donor benefits	1,240,424	99,246	112,962	285,389	245,852	128,412	192,762	5,486	2,310,533	867,495	309,121	3,487,149
Less: Cost of direct donor benefit	--	--	--	--	--	--	--	--	--	--	19,719	19,719
Total expenses	\$ 1,240,424	99,246	112,962	285,389	245,852	128,412	192,762	5,486	2,310,533	867,495	289,402	3,467,430

See notes to financial statements

Justice For Our Neighbors - Nebraska d/b/a Immigrant Legal Center

Notes to Financial Statements December 31, 2020 and 2019

(1) Organization

Justice For Our Neighbors - Nebraska d/b/a Immigrant Legal Center (the Organization) is a not-for-profit incorporated in the State of Nebraska. The Organization provides free, high-quality immigration legal services for low income individuals who meet certain federal income poverty guidelines. The Organization is part of a national network of 45 clinics around the country, all of which are projects of the General Board of Global Ministries of the United Methodist Church. The clinics provide a safe haven to vulnerable immigrants who seek free legal counsel to solve their immigration problems.

(2) Summary of Significant Accounting Policies

The following is a summary of significant accounting policies of the Organization. These policies are in accordance with accounting principles generally accepted in the United States of America (GAAP).

A. Basis of Accounting

The accompanying financial statements have been prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Resources are reported for accounting purposes into separate classes of net assets based on the existence or absence of donor imposed restrictions. The Organization maintains the following classes of net assets:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature that stipulate resources be maintained permanently, but permits the organization to use or expend part or all of the income (or economic benefits) derived from donated assets. The Organization did not have any net assets with perpetual donor restrictions at December 31, 2020 or 2019. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

B. Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

C. Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid investments with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments, that are perpetual in nature, or other long-term purposes are considered to be restricted cash. The Organization had no amounts classified as restricted cash at December 31, 2020 and 2019.

D. Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be received in future years are recorded at the present value of their estimated future cash flows if determined to be material. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Notes to Financial Statements
December 31, 2020 and 2019**

The receivables are reviewed for collectability and a provision for uncollectible accounts is recorded based on management's judgement and analysis of individual donors, past collection experience and other relevant factors. No allowance for uncollectible accounts was deemed necessary at December 31, 2020 and 2019.

E. Donated Services

The Organization receives benefits from services rendered which are provided free of charge. Revenue and a corresponding expense are recognized at the fair market value of the donated services when either of the following has occurred: donated services create or enhance a non-financial asset or require specialized skills that a provider possesses, which would ordinarily be purchased. There were no donated services reported in 2020 and 2019.

F. Property and Equipment

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Building and building improvements	30 years
Land improvements	15 years
Furniture, fixtures and equipment	3 – 7 years
Software	5 years

Additions and betterments of \$1,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any resulting gain or loss on disposition is reflected in the statements of activities.

Gifts of cash that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the acquired long-lived assets are placed into service.

G. Donor Restricted Contributions

Unconditional promises to contribute cash and other assets by donors are recognized at estimated fair value at the date each promise is received. The contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Notes to Financial Statements
December 31, 2020 and 2019**

H. Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and benefits, staff development, meals and travel, supplies and other, which are allocated based on estimates of time and effort, as well as occupancy, professional services, office supplies, postage copier, software licenses and subscriptions which are allocated based on the number of full time equivalents per department.

I. Advertising Costs

The Organization expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2020 and 2019 were \$3,596 and \$8,036, respectively, and are included in marketing and fundraising in the statements of functional expenses.

J. Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements.

K. Reclassification

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 reporting format.

L. Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases* (Topic 842), requiring an entity to recognize lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The main difference between the updated standard and the existing guidance is the recognition of lease assets and lease liabilities for lessees for those leases classified as operating leases. ASU 2016-02 is required to be applied retrospectively. ASU 2020-05 amended the effective date of ASU 2016-02, therefore the standard is effective for fiscal years beginning after December 15, 2021, with early application permitted. The Organization is currently evaluating the effect that the updated standard will have on the financial statements.

M. Subsequent Events

The Organization evaluated the effects of all subsequent events through March 23, 2021, the date these financial statements were available to be issued.

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Notes to Financial Statements
December 31, 2020 and 2019**

(3) Availability and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,414,803	2,484,990
Contributions receivable	900,422	1,254,199
	<u>3,315,225</u>	<u>3,739,189</u>
Less net assets with donor restrictions not available to meet general expenditure within one year:		
Contributions receivable	(71,247)	(485,000)
Executive Director search	--	(14,366)
Building and equipment	--	(205,000)
	<u> </u>	<u> </u>
Financial assets available to meet general expenditures over the next twelve months	\$ <u>3,243,978</u>	<u>3,034,823</u>

The Organization receives significant contributions restricted by donors, and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. The Organization's goal is generally to maintain financial assets to meet 120 days of operating expenses. As part of the liquidity plan, excess cash is invested in short-term investments, including money market accounts. The Organization has a \$300,000 line of credit available to meet cash flow needs. See Note 12.

(4) Contributions Receivable

Contributions receivable consist of amounts which are due from one to three years. Contributions receivable were discounted using a rate of .10% in 2020. Management considered discounts to be immaterial in 2019. Contributions receivable are due in the following periods.

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 829,175	769,199
Due after one year through five years	71,247	485,000
	900,422	1,254,199
Less: Discount for time value of money	(172)	--
	<u>900,250</u>	<u>1,254,199</u>
Contributions receivable, net	\$ <u>900,250</u>	<u>1,254,199</u>

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Notes to Financial Statements
December 31, 2020 and 2019**

(5) Property and Equipment

Property and equipment as of December 31, 2020 and 2019 is summarized as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 364,000	364,000
Land improvements	2,500	--
Building and building improvements	2,729,720	2,699,530
Furniture, fixtures, and equipment, including assets acquired under capital leases (\$46,925 in 2020, \$0 in 2019)	317,241	248,930
Software	41,462	41,462
Construction in progress	<u>--</u>	<u>3,910</u>
	3,454,923	3,357,832
Less accumulated depreciation and amortization, including accumulated amortization of assets acquired under capital leases (\$23,676 in 2020, \$0 in 2019)	<u>367,473</u>	<u>192,958</u>
	<u>\$ 3,087,450</u>	<u>3,164,874</u>

Depreciation expense of \$174,515 and \$130,598 is included in the statements of activities for the years ended December 31, 2020 and 2019, respectively.

(6) Property Under Operating Leases

The Organization is the lessor of office space under an operating lease agreement expiring in 2025. The property leased under operating leases is included in building and building improvements. At December 31, 2020, future minimum lease payments receivable under the noncancelable operating lease is as follows:

2021	\$ 47,902
2022	48,860
2023	49,838
2024	50,834
2025	<u>4,243</u>
	<u>\$ 201,677</u>

Rent revenues totaling \$68,776 and \$0 were recognized in other income in the statements of activities for the years ended December 31, 2020 and 2019, respectively.

**Justice For Our Neighbors - Nebraska
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**Notes to Financial Statements
December 31, 2020 and 2019**

(7) Capital Lease Obligation

The Organization has entered into capital leases for printers. The printers, along with the related liability under the capital leases have been record at the present value of the future payment due under the lease, using discount rates between 0.13% and 0.25%. The related liability under the capital leases is payable in monthly installments of approximately \$11,000. Amortization expense of \$23,676 on assets acquired under capital leases in included with interest, depreciation and amortization expense in the statement of functional expenses for the year ended December 31, 2020.

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments as of December 31, 2020:

2021	\$	10,203
2022		8,739
2023		6,232
2024		<u>2,422</u>
Total minimum lease payments		27,596
Less amount representing interest		<u>(899)</u>
Present value of minimum lease payments	\$	<u>26,697</u>

(8) Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2020 and 2019, are available for the following uses:

	<u>2020</u>	<u>2019</u>
Operating grants subject to the passage of time	\$ 479,000	137,000
Executive Director search	--	14,366
Filing fees on behalf of clients	<u>4,100</u>	<u>--</u>
	<u>483,100</u>	<u>151,366</u>
Rural program activities:		
General operating activities to support rural Nebraska	1,734,575	1,841,134
General operating activities to support rural Iowa	233,436	194,225
Technology, leadership and emergency preparedness	<u>--</u>	<u>413,048</u>
	<u>1,968,011</u>	<u>2,448,407</u>
Pilot program activities:		
Policy and advocacy	143,632	263,000
Child and family	100,000	225,000
Domestic violence	70,000	--
Immigrant legal medical partnership	<u>--</u>	<u>124,386</u>
	<u>313,632</u>	<u>612,386</u>
Building and equipment:		
Improvements	<u>--</u>	<u>205,000</u>
	<u>--</u>	<u>205,000</u>
Total net assets with donor restrictions	<u>\$ 2,764,743</u>	<u>3,417,159</u>

**Justice For Our Neighbors - Nebraska
d/b/a Immigrant Legal Center**

**Notes to Financial Statements
December 31, 2020 and 2019**

(9) Retirement Plan

The Organization has a tax-exempt deferred 403(b) plan covering all employees. The assets are held for each employee in an individual account maintained by an investment firm. The Organization's match is 3% of the qualified employee's contribution. The contribution begins after one year and 1,000 hours of service and is vested 100% at the time of match. The Organization's contributions to the plan totaled \$41,004 and \$30,524 for the years ended December 31, 2020 and 2019, respectively.

(10) Related Party Transactions

The Organization is related to the United Methodist Church and is classified as a Mission under the Church in the state of Nebraska. The Organization recorded \$102,425 and \$110,015 in contributions from the United Methodist Church for 2020 and 2019, respectively, which is 4.5% and 8.7% of contribution revenue as of December 31, 2020 and 2019, respectively.

(11) Lease Commitment

The Organization has leases for office space in six Nebraska cities and one Southwest Iowa city, which expire in 2021 and are renewed annually. Total rent expense incurred under operating leases totaled \$35,450 and \$42,567 for the years ended December 31, 2020 and 2019, respectively. Future commitments under the leases as at December 31, 2020 are as follows: \$21,062 in 2021.

(12) Line of Credit

The Organization has a revolving line of credit agreement that allows for maximum borrowings of \$300,000. The line of credit matured on October 30, 2020. Subsequent to year-end the line of credit was renewed through January 25, 2022. The renewed line of credit bears interest at the U.S. Prime rate plus 1.25%, but in no event falls below 3.5% per year. The agreement is secured by a deed of trust. There was no outstanding balance on the line of credit at December 31, 2020 and 2019.

(13) Paycheck Protection Program Loan

In April 2020, the Organization was granted a \$420,648 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded the PPP loan as a note payable and will record the forgiveness upon being legally released from the loan obligation by the SBA. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. The Organization will be required to repay any remaining balance, plus interest accrued at 1%, in monthly installments commencing upon the notification of loan forgiveness or partial forgiveness.

(14) Concentration of Credit Risk

The Organization maintains its cash and bank deposit accounts in financial institutions that, at times, may exceed federally insured limits. Interest and noninterest bearing accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Organization has not experienced any losses, and it is the opinion of management that the solvency of the referenced financial institutions is not a concern at this time.

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**Notes to Financial Statements
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(15) Client Intake and Compliance Procedures (unaudited)

At the time a client seeks the Organization's services, they are required to report their household size and income to ensure that clients qualify for services and are in need of pro bono legal representation. This information is first tracked in a Nebraska Immigration Legal Assistance Hotline Intake (or alternative intake system) and then later entered into the Organization's case management database (ImmigrationAir) for clients who are accepted for an initial consultation. Household size, income, and percentage of federal poverty guidelines are documented in the "custom fields" tab of the case management system. The Organization pulls from this data to produce reports regarding the percentage of clients who earn less than 125% of the federal poverty guidelines. Finally, clients accepted for extended representation must sign a client agreement acknowledging that the Organization may terminate representation if the Organization discovers they have misrepresented their income.

(16) Subsequent Event

On February 25, 2021, the Organization entered into a three-year operating lease agreement to lease office space in Lincoln, Nebraska. Rent will commence upon possession of the space. Monthly rent expenses under the lease agreement range from \$6,250 in year one of the lease to \$7,000 in year three of the lease.