

ECONOMIC JUSTICE
ALLIANCE OF MICHIGAN
(A MICHIGAN NON-PROFIT CORPORATION)
INDEPENDENT AUDITOR'S REPORT &
FINANCIAL REPORT

For the Year Ended December 31, 2017

Economic Justice Alliance of Michigan



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Economic Justice Alliance of Michigan
Detroit, Michigan

We have audited the accompanying financial statements of the Economic Justice Alliance of Michigan (A Michigan Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, functional expenses, and cash flows for the year 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 misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

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 Economic Justice Alliance of Michigan as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.


October 22, 2017

Economic Justice Alliance of Michigan

Statement of Financial Position December 31, 2017

ASSETS

Current Assets:

Cash and Equivalents	\$ 750,936
Accounts Receivable (Note 2)	4,000
Other Assets - Deposit	9,500
Total Current Assets	<u>764,436</u>

Total Assets	<u>764,436</u>
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LIABILITIES AND NET ASSETS

Liabilities:

Total Liabilities	<u>-</u>
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Net Assets:

Unrestricted Net Assets	45,444
Temporarily Restricted Net Assets	718,992
Total Net Assets	<u>764,436</u>

Total Liabilities and Net Assets	<u>\$ 764,436</u>
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The accompanying notes are an integral part of these statements

Economic Justice Alliance of Michigan

Statement of Activities Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Support:			
Grants	\$ 782,000	\$ 720,000	\$ 1,502,000
Program Revenue	19,354	-	19,354
Rental Revenue	1,200	-	1,200
Other Revenue	4,058	-	4,058
Net Assets Released from Restrictions	1,008	(1,008)	-
Total Revenue and Support	<u>807,620</u>	<u>718,992</u>	<u>1,526,612</u>
Expenses:			
Program Services	732,617	-	732,617
Management and General	102,615	-	102,615
Total Expenses	<u>835,232</u>	<u>-</u>	<u>835,232</u>
Change in Net Assets	(27,612)	718,992	691,380
Net Assets - Beginning of Year	<u>73,056</u>	<u>-</u>	<u>73,056</u>
Net Assets - End of Year	<u>\$ 45,444</u>	<u>\$ 718,992</u>	<u>\$ 764,436</u>

The accompanying notes are an integral part of these statements

Economic Justice Alliance of Michigan

Statement of Cash Flows Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in Net Assets	<u>\$ 691,380</u>
Adjustments to Reconcile Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Accounts Receivable	(4,000)
Increase (Decrease) in Accounts Payable	(862)
Net Cash Provided by (Used in) Operating Activities	<u>686,518</u>
Net Increase (Decrease) Cash and Equivalents	686,518
Cash and Equivalents, Beginning of Year	<u>64,418</u>
Cash and Equivalents, End of Year	<u><u>\$ 750,936</u></u>

The accompanying notes are an integral part of these statements

Economic Justice Alliance of Michigan

Statement of Functional Expenses Year Ended December 31, 2017

Expenses	Program Services	Management & Administrative	Fundraising	Total
Personnel Expenses:				
Employee Compensation	\$ 111,698	\$ 46,270	\$ -	\$ 157,968
Employee Benefits	12,143	3,428	-	15,571
Payroll Expenses	9,967	4,129	-	14,096
Total Personnel Expenses	133,808	53,827	-	187,635
Other Expenses:				
Computer & Information Tech	1,502	644	-	2,146
Insurance	499	206	-	705
Legal & Professional	-	6,820	-	6,820
Miscellaneous	-	302	-	302
Office Supplies & Expense	720	2,881	-	3,601
Outside Professional Services	55,348	22,892	-	78,240
Payroll Fees	-	3,038	-	3,038
Printing, Copying & Mailing	2,128	1,257	-	3,385
Program Expenses	521,353	-	-	521,353
Registration, Dues, License & Fees	-	1,976	-	1,976
Rent	10,125	3,375	-	13,500
Telephone	1,160	497	-	1,657
Training & Prof Dev	1,372	426	-	1,798
Travel	4,602	4,474	-	9,076
Total Expenses	\$ 732,617	\$ 102,615	\$ -	\$ 835,232

The accompanying notes are an integral part of these statements

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Economic Justice Alliance of Michigan (EJAM) is a Michigan Nonprofit Corporation that was incorporated on August 6, 2015. EJAM is a long-term collaboration of community organizations aiming to build the power and impact of low-income and working-class communities across the state. During the first year of its operations, it operated under a fiduciary arrangement with another not-for-profit. During 2017 it experienced its first full year of operating on its own. Its primary source of funding is from public and private grants and contributions.

Tax Exempt Status

EJAM is exempt from federal income taxes as an organization described in Section 501(c)(3) of the Internal Revenue Code and did not conduct any unrelated business activity for the year ended December 31, 2017. Therefore, there is no provision for federal or local income taxes in the accompanying financial statements.

Basis of Accounting & Reporting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities, if any.

Accounting Principles and Reporting

Financial statement presentation follows the recommendations of the Financial Accounting Standards Codification (ASC) 958, Financial Statements of Nonprofit Organizations. Accordingly, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets, depending on the existence and/or nature of any donor imposed restrictions. There were no permanently restricted net assets as of December 31, 2017.

Cash Equivalents

For the purpose of the statement of cash flows, EJAM considers all unrestricted investment instruments purchased with original maturities of three months or less to be cash equivalent. As of December 31, 2017, EJAM did not hold any such cash equivalents.

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 activities.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Risks:

Concentration of Credit Risk

EJAM maintains cash accounts with a credit union located in the metropolitan area of Detroit, Michigan. Accounts at the credit union are insured by the National Credit Union Shares Insurance Fund (NCUSIF) up to \$250,000. At December 31, 2017, EJAM did not have any uninsured cash balances.

Concentration of Contribution Revenue

Although during 2017 approximately 86% of EJAM's support was received by contributions from one foundation, it included a two-year funding grant. As of December 31, 2017, nearly \$719,000 of that grant is reflected as temporarily restricted on the Statement of Activities.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. As of December 31, 2017, EJAM did not have any capitalized property and equipment.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

It is the policy of management to report contributions whose restrictions are met in the same period as unrestricted in these financial statements. There were no permanently restricted assets as of December 31, 2017.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Expenses Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

2) ACCOUNTS RECEIVABLE

The Organization has an outstanding Accounts Receivable balance as of December 31, 2017 in the amount of \$4,000. An allowance for doubtful accounts has not been provided since these accounts have subsequently been fully collected.

3) OPERATING LEASE

The Organization operated under a month-to-month office space lease arrangement at their Royal Oak office during the year for \$1,500 a month. It also sub-leased space to another organization for \$1,200 for the year.

4) RELATED PARTY

During the year the Organization received rent revenue for \$1,200 from a related party, Michigan Economic Justice Fund, with whom it shares one board member.

5) SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 22, 2017, the date which the financial statements were available for issue.

The Organization has signed a new one-year lease agreement for office space starting May 1, 2018 for \$1,200 per month at the Hannan Center in Detroit.