

ECONOMIC JUSTICE ALLIANCE OF MICHIGAN

FINANCIAL STATEMENTS

TOGETHER WITH INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2020

(WITH COMPARATIVE TOTALS FOR 2019)

ECONOMIC JUSTICE ALLIANCE OF MICHIGAN  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

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**GREGORY  
TERRELL  
& COMPANY**

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
of Economic Justice Alliance of Michigan

We have audited the accompanying financial statements of Economic Justice Alliance of Michigan (a Michigan nonprofit Organization), which comprise the statement of financial position as of December 31, 2020, 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 misstatement, 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.

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 Economic Justice Alliance of Michigan as of December 31, 2020, 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.

**Report on Summarized Comparative Information**

The summarized comparative information presented herein as of and for the year ended December 31, 2019, was derived from the December 31, 2019, financial statements that were audited by other auditors, who expressed an unmodified opinion on those financial statements in their report dated August 26, 2020.

A handwritten signature in cursive script that reads "Gregory Terrell & Company". The signature is written in black ink and includes a large, stylized flourish at the end.

**GREGORY TERRELL & COMPANY**  
Certified Public Accountants  
Detroit, Michigan

August 31, 2021

ECONOMIC JUSTICE ALLIANCE OF MICHIGAN  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

**ASSETS**

	<u>2020</u>	<u>2019</u>
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 793,713	\$ 829,385
Accounts Receivable	710,148	-
Other Assets - Deposit	-	9,049
Total Current Assets	<u>\$ 1,503,861</u>	<u>\$ 838,434</u>
<b>Non-Current Assets</b>		
Property and Equipment (Net)	<u>2,600</u>	<u>1,148</u>
Total Assets	<u>\$ 1,506,461</u>	<u>\$ 839,582</u>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts Payable	<u>\$ 1,870</u>	<u>\$ -</u>
Total Liabilities	<u>\$ 1,870</u>	<u>\$ -</u>

**Net Assets**

Without Donor Restrictions	\$ 934,591	\$ 319,582
With Donor Restrictions	<u>570,000</u>	<u>520,000</u>
Total Net Assets	<u>\$ 1,504,591</u>	<u>\$ 839,582</u>
Total Liabilities and Net Assets	<u>\$ 1,506,461</u>	<u>\$ 839,582</u>

The accompanying notes are an integral part of this statement.

**ECONOMIC JUSTICE ALLIANCE OF MICHIGAN**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<b><u>Without Donor</u></b> <b><u>Restrictions</u></b>	<b><u>With Donor</u></b> <b><u>Restrictions</u></b>	<b><u>2020</u></b> <b><u>Total</u></b>	<b><u>2019</u></b> <b><u>Total</u></b>
<b>REVENUE</b>				
Grants	\$ 795,000	\$ 570,000	\$ 1,365,000	\$ 775,000
Reimbursed Income	77,144	-	77,144	-
Donations	3,434	-	3,434	-
Other Revenue	2,640	-	2,640	2,015
Net Assets Released From Restrictions - Satisfaction of Program Restrictions	<u>520,000</u>	<u>(520,000)</u>	<u>-</u>	<u>-</u>
Total Revenue	<u>\$ 1,398,218</u>	<u>50,000</u>	<u>\$ 1,448,218</u>	<u>\$ 777,015</u>
<b>EXPENSES</b>				
Program Services	\$ 613,542	\$ -	\$ 613,542	\$ 577,358
Fundraising	38,070	-	38,070	29,963
Management and General	<u>131,597</u>	<u>-</u>	<u>131,597</u>	<u>149,606</u>
Total Expenses	<u>\$ 783,209</u>	<u>\$ -</u>	<u>\$ 783,209</u>	<u>\$ 756,927</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ 615,009</u>	<u>\$ 50,000</u>	<u>\$ 665,009</u>	<u>\$ 20,088</u>
<b>NET ASSETS, Beginning of Year</b>	<u>319,582</u>	<u>520,000</u>	<u>839,582</u>	<u>819,494</u>
<b>NET ASSETS, End of Year</b>	<u>\$ 934,591</u>	<u>\$ 570,000</u>	<u>\$ 1,504,591</u>	<u>\$ 839,582</u>

The accompanying notes are an integral part of this statement

**ECONOMIC JUSTICE ALLIANCE OF MICHIGAN**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

	<b><u>Program</u></b>	<b><u>Management</u></b>	<b><u>Fund</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
	<b><u>Services</u></b>	<b><u>and</u></b>	<b><u>Raising</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>
		<b><u>General</u></b>		<b><u>Expenses</u></b>	<b><u>Expenses</u></b>
Salaries and Benefits	\$ 48,107	\$ 63,907	\$ 37,218	\$ 149,232	\$ 196,919
Fellowship Expense	108,712	27,178	-	135,890	105,157
Rent	3,750	11,249	-	14,998	14,997
Office and Fellowship Supplies	648	1,945	-	2,593	4,322
Travel	-	2,723	-	2,723	7,347
Insurance Expense	3,961	7,486	-	11,447	13,512
Bank Fees	6	-	-	6	140
Computer and Information Technology	1,553	4,660	-	6,213	5,595
Legal and Professional	-	5,200	-	5,200	5,200
Advertising	55,267	-	-	55,267	750
Recruitment	-	-	-	-	75
Outside Professional Services	73,860	-	-	73,860	46,727
Professional Development	-	-	-	-	6,400
Equipment	1,196	-	-	1,196	-
Donation/Sponsorship	-	500	-	500	-
Postage and Delivery	465	33	-	498	47
Payroll Fees	1,090	1,465	852	3,407	3,351
Program Expense	313,233	-	-	313,233	335,454
Registration, Dues, Licenses and Fees	200	1,860	-	2,060	7,842
Telephone/Internet	1,117	3,352	-	4,469	2,796
Miscellaneous	-	40	-	40	-
Total	<u>\$ 613,165</u>	<u>\$ 131,597</u>	<u>\$ 38,070</u>	<u>\$ 782,832</u>	<u>\$ 756,631</u>
Depreciation Expense	<u>377</u>	<u>-</u>	<u>-</u>	<u>377</u>	<u>296</u>
Total Expenses	<u>\$ 613,542</u>	<u>\$ 131,597</u>	<u>\$ 38,070</u>	<u>\$ 783,209</u>	<u>\$ 756,927</u>

The accompanying notes are an integral part of this statement.

ECONOMIC JUSTICE ALLIANCE OF MICHIGAN  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Change in Net Assets	\$ 665,009	\$ 20,088
Adjustments to Reconcile Change in Net Assets to Net Cash from Operating Activities:		
Depreciation	377	296
Change in Accounts Payable	1,870	-
Change in Other Assets	9,049	451
Change in Accounts Receivable	<u>(710,148)</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (33,843)</u>	<u>\$ 20,835</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	<u>\$ (1,829)</u>	<u>\$ -</u>
Net Cash (Used for) Investing Activities	<u>\$ (1,829)</u>	<u>\$ -</u>
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	 <b>\$ (35,672)</b>	 <b>\$ 20,835</b>
 <b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	 <u>829,385</u>	 <u>808,550</u>
 <b>CASH AND CASH EQUIVALENTS, End of Year</b>	 <u><u>\$ 793,713</u></u>	 <u><u>\$ 829,385</u></u>

The accompanying notes are an integral part of this statement.



ECONOMIC JUSTICE ALLIANCE OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

(1) **ORGANIZATION**

The Economic Justice Alliance of Michigan (the “Organization”) is a group of grassroots organizations engaged in leadership development and advocacy to build working class power. Economic Justice Alliance of Michigan advance social and racial equity, improving economic conditions for all people in Michigan.

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization have been maintained and prepared on the accrual basis of accounting.

In 2020, the Organization adopted FASB issued ASU 2018-08, Not-for Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. The update was issued to clarify and improve the scope and accounting for contributions received and contributions made, to assist organizations in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional.

Net Assets Presentation

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions are net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions by the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

ECONOMIC JUSTICE ALLIANCE OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Support and Revenue

The Organization reports contributions of cash and other assets as With Donor Restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, With Donor Restricted net assets are reclassified to Without Donor Restricted net assets and reported in the statement of activities as net assets released from With Donor Restrictions.

Cash and Cash Equivalents

Cash equivalents consist of short term, highly liquid investments which are readily convertible into cash.

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives. It is the policy of the Organization to capitalize all acquisitions over \$1,000.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ from those estimates.

ECONOMIC JUSTICE ALLIANCE OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)

(2) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Concentration of Credit Risk

Financial instruments which are potentially subject to concentrations of credit risk consist principally of cash, cash equivalents, receivables and investments.

The bank insures cash balances up to \$250,000 with the Federal Deposit Insurance Corporation (FDIC). At December 31, 2020, the carrying balance is \$793,713 and the bank balances were \$831,014, exceeded the FDIC limit by \$581,014.

Functional Allocation of Expenses

The Schedule of Functional Expenses allocates salaries and related expenses to program services and management and general on the basis of the actual or estimated time devoted to those activities. Other expenses have been allocated using various basis as determined by management.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

(3) **PROPERTY AND EQUIPMENT**

Property and equipment activity for the year ended December 31, 2020, is summarized as follows:

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
Equipment	\$ 1,481	\$ 1,829	\$ -	\$ 3,310
Less: Accumulated Depreciation	(333)	(377)	-	(710)
Net Property and Equipment	<u>\$ 1,148</u>	<u>\$ 1,452</u>	<u>\$ -</u>	<u>\$ 2,600</u>

ECONOMIC JUSTICE ALLIANCE OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)

(4) **AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets at December 31, 2020:

Financial Assets at Year End:	
Cash	\$ 793,713
Accounts Receivable	<u>710,148</u>
Total Financial Assets	<u>\$1,503,861</u>
Less: amounts not available to be used within one year:	
With Donor Restrictions	\$ 570,000
Net Assets with Donor Restrictions	<u>\$ 570,000</u>
Financial Assets available to meet general expenditures over the next twelve months	
	<u>\$ 933,861</u>

(5) **LEASES**

The Organization's lease expired on April 30, 2019. The Organization is now under a month-to-month rental agreement with Hannan Center for general office use. Rental payments are \$1,200 a month. Rental expense for 2020 was \$14,400.

(6) **NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from donor restrictions by incurring expenses, satisfying restricted purposes, or by occurrence of other events specified by donors during the year are as follows:

FORD FOUNDATION	<u>\$ 520,000</u>
Total	<u>\$ 520,000</u>

ECONOMIC JUSTICE ALLIANCE OF MICHIGAN  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020  
(Continued)

(7) **NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of year-end are as follows:

FORD FOUNDATION	\$ 570,000
Total	<u>\$ 570,000</u>

(8) **RETIREMENT 401K SAVINGS PLAN**

The Organization participates in a 401K Profit Sharing Retirement Savings Plan. Any employee meeting the age requirements and with six months of service is eligible to participate in the plan. The Organization may contribute a discretionary matching amount on behalf of each participant. During the year ended December 31, 2020, the Organization made a 401K matching contribution of \$2,152.

(9) **SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 31, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

(10) **COVID-19 PANDEMIC**

The COVID-19 pandemic whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flow is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.