

Jobs With Justice Education Fund

Financial Statements
and Independent Auditors' Report

December 31, 2016 and 2015

Jobs With Justice Education Fund

Financial Statements
December 31, 2016 and 2015

Contents

Independent Auditors' Report.....	1-2
<i>Financial Statements</i>	
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Cash Flows.....	6
Notes to Financial Statements.....	7-13
<i>Supplementary Information</i>	
Schedules of Functional Expenses.....	14-15

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Jobs With Justice Education Fund

We have audited the accompanying financial statements of the Jobs With Justice Education Fund ("the Fund") as of December 31, 2016 and 2015, which comprise the statements of financial position as of December 31, 2016 and 2015, the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fund as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information included on pages 14-15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Handwritten signature of Rogers & Company LLC in black ink.

Vienna, Virginia
January 2, 2018

Jobs With Justice Education Fund

Statements of Financial Position December 31, 2016 and 2015

	2016	2015
Assets		
Cash and cash equivalents	\$ 2,317,610	\$ 2,559,982
Certificates of deposit	203,062	202,505
Grants and contributions receivable	465,304	830,000
Due from JWJ	5,000	-
Prepaid expenses and other assets	65,421	114,941
Employee advances	-	43
Total assets	<u>\$ 3,056,397</u>	<u>\$ 3,707,471</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 66,034	\$ 131,611
Grants payable to Inter-Alliance Dialogue	7,306	7,306
Due to JWJ	-	54,801
Due to local coalitions	19,010	75,686
Total liabilities	<u>92,350</u>	<u>269,404</u>
Net Assets		
Unrestricted	1,559,880	1,640,359
Temporarily restricted	1,404,167	1,797,708
Total net assets	<u>2,964,047</u>	<u>3,438,067</u>
Total liabilities and net assets	<u>\$ 3,056,397</u>	<u>\$ 3,707,471</u>

See accompanying notes.

Jobs With Justice Education Fund

Statement of Activities For the Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and projects	\$ 925,155	\$ 875,000	\$ 1,800,155
Contributions and support	1,134,413	-	1,134,413
National conference income	286,801	-	286,801
Project UWC income	25,000	-	25,000
LRAN income	55,095	-	55,095
Program fees	28,628	-	28,628
Interest	3,071	-	3,071
Other revenue	4,597	-	4,597
Net assets released from restrictions	1,268,541	(1,268,541)	-
Total revenue and support	3,731,301	(393,541)	3,337,760
Expenses			
Program services:			
National network	1,308,105	-	1,308,105
Workers' rights campaign	1,101,829	-	1,101,829
Alliance building	371,987	-	371,987
Project UWC	296,474	-	296,474
LRAN	68,935	-	68,935
Total program services	3,147,330	-	3,147,330
Supporting services:			
Management and general	415,081	-	415,081
Fundraising	249,369	-	249,369
Total supporting services	664,450	-	664,450
Total expenses	3,811,780	-	3,811,780
Change in Net Assets	(80,479)	(393,541)	(474,020)
Net Assets, beginning of year	1,640,359	1,797,708	3,438,067
Net Assets, end of year	\$ 1,559,880	\$ 1,404,167	\$ 2,964,047

See accompanying notes.

Jobs With Justice Education Fund

Statement of Activities For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
Revenue and Support			
Grants and projects	\$ 437,189	\$ 2,230,000	\$ 2,667,189
Contributions and support	1,151,497	-	1,151,497
National conference income	210,005	-	210,005
Project UWC income	436,500	-	436,500
LRAN income	114,268	-	114,268
Program fees	42,339	-	42,339
Interest	2,867	-	2,867
Other revenue	672	-	672
Net assets released from restrictions	632,292	(632,292)	-
Total revenue and support	3,027,629	1,597,708	4,625,337
Expenses			
Program services:			
National network	1,384,343	-	1,384,343
Workers' rights campaign	1,171,719	-	1,171,719
Alliance building	405,830	-	405,830
Project UWC	169,825	-	169,825
LRAN	87,470	-	87,470
Total program services	3,219,187	-	3,219,187
Supporting services:			
Management and general	481,853	-	481,853
Fundraising	288,647	-	288,647
Total supporting services	770,500	-	770,500
Total expenses	3,989,687	-	3,989,687
Change in Net Assets	(962,058)	1,597,708	635,650
Net Assets, beginning of year	2,602,417	200,000	2,802,417
Net Assets, end of year	\$ 1,640,359	\$ 1,797,708	\$ 3,438,067

See accompanying notes.

Jobs With Justice Education Fund

Statements of Cash Flows For the Years Ended December 31, 2016 and 2015

	2016	2015
Cash Flows from Operating Activities		
Change in net assets	\$ (474,020)	\$ 635,650
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants and contributions receivable	364,696	(740,000)
Due from JWJ	(5,000)	89,035
Prepaid expenses and other assets	49,520	(20,250)
Employee advances	43	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(65,577)	125,573
Grants payable to Inter-Alliance Dialogue	-	(13,726)
Due to JWJ	(54,801)	54,801
Due to local coalitions	(56,676)	59,611
Net cash (used in) provided by operating activities	(241,815)	190,694
Cash Flows from Investing Activity		
Purchase of certificates of deposit	(557)	(51)
Net cash used in investing activity	(557)	(51)
Net (Decrease) Increase in Cash and Cash Equivalents	(242,372)	190,643
Cash and Cash Equivalents, beginning of year	2,559,982	2,369,339
Cash and Cash Equivalents, end of year	<u>\$ 2,317,610</u>	<u>\$ 2,559,982</u>

See accompanying notes.

Jobs With Justice Education Fund

Notes to Financial Statements
December 31, 2016 and 2015

1. Nature of Operations

Jobs With Justice Education Fund (“the Fund”) is an Internal Revenue Code (IRC) Section 501(c)(3) corporation that engages workers and allies in campaigns to win justice in workplaces and in communities where working families live. The Fund was founded in 1987 with the vision of lifting up workers’ rights struggles as part of a larger campaign for economic and social justice. The Fund reaches working people through the companies that represent them; through unions, congregations, and community organizations; and directly as activists.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Fund’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions in the following classes:

- *Unrestricted net assets* represent funds that are not subject to donor-imposed stipulations and are available for support of the Fund’s operations.
- *Temporarily restricted net assets* represent funds subject to donor-imposed restrictions that are met either by actions of the Fund or the passage of time.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash Equivalents

For the purpose of the statements of cash flows, the Fund considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of 90 days or less at the time of purchase.

Jobs With Justice Education Fund

Notes to Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Certificates of Deposit

At December 31, 2016 and 2015, the Fund held nonnegotiable certificates of deposit with original maturity dates greater than a period of 90 days that are carried at amortized cost. Certificates of deposit totaled \$203,062 and \$202,505 at December 31, 2016 and 2015, respectively. Interest earned on the certificates of deposit is included in the accompanying statements of activities. These certificates of deposit do not qualify as securities as defined in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 320, *Investments – Debt and Equity Securities*. Therefore, these investments are not included in the fair value disclosures required by FASB ASC 820, *Fair Value Measurements and Disclosures*.

Grants and Contributions Receivable

Grants and contributions receivable represent unconditional promises to give. Amounts receivable in more than one year are initially recorded using a discount rate that considers market and credit risk. No discount was recorded on multi-year grants and contributions receivable due to immateriality. Management determines the allowance for doubtful accounts based upon review of outstanding receivables, historical collection information, and existing economic conditions. No allowance for doubtful accounts is recorded as management believes that all receivables are fully collectible.

Revenue Recognition

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Fund reports grants and contributions as temporarily restricted support if they are received with donor or grantor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. However, restrictions met in the same accounting period in which the related contribution was received are treated as unrestricted.

All other sources of revenue are recognized when earned.

Jobs With Justice Education Fund

Notes to Financial Statements
December 31, 2016 and 2015

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

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

Advertising Costs

Advertising costs are expensed as incurred and were \$9,948 and \$4,977 for the years ended December 31, 2016 and 2015, respectively.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2020.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The update changes the manner by which nonprofit organizations classify net assets as well as improves information presented in financial statements and notes about nonprofit organization liquidity, financial performance, and cash flows. The guidance is effective beginning in 2018.

Subsequent Events

In preparing these financial statements, the Fund has evaluated events and transactions for potential recognition or disclosure through January 2, 2018, the date the financial statements were available to be issued.

Jobs With Justice Education Fund

Notes to Financial Statements
December 31, 2016 and 2015

3. Concentration of Credit Risk

Financial instruments that potentially subject the Fund to significant concentrations of credit risk consist of cash and cash equivalents, and certificates of deposit. Various cash deposit and transaction accounts are maintained with financial institutions, including interest-bearing accounts and certificates of deposit, which from time to time may exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC). The Fund has not experienced any credit losses on its cash and cash equivalents, or certificates of deposit to date as it relates to FDIC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

4. Grants and Contributions Receivable

Grants and contributions receivable are promised as follows at December 31:

	2016	2015
Due in less than one year	\$ 465,304	\$ 580,000
Due in one to five years	-	250,000
Total grants and contributions receivable	\$ 465,304	\$ 830,000

5. Commitments

Operating Leases

In 2012, the Fund entered into an office lease in Washington, DC that commenced on December 1, 2012 and expired on December 31, 2015. The lease called for a fixed base monthly rent of \$14,580 with no annual rent escalations. On August 5, 2015, the Fund entered into a first amendment to the office lease, extending the term to commence on January 1, 2016 and expiring on December 31, 2017. The lease extension calls for fixed monthly rental payments of \$14,373 with no annual rent escalations. Rent and utilities expense for the years ended December 31, 2016 and 2015 was \$179,175 and \$231,410, respectively.

In February 2016, the Fund began leasing office equipment under an operating lease, which extends through 2021. The lease requires fixed monthly payments of \$150.

Jobs With Justice Education Fund

Notes to Financial Statements
December 31, 2016 and 2015

5. Commitments (continued)

Operating Leases (continued)

Future minimum lease payments are as follows for the years ending December 31:

2017	\$ 174,281
2018	1,800
2019	1,800
2020	1,800
2021	150
	<hr/>
Future minimum lease payments	<u>\$ 179,831</u>

6. Temporarily Restricted Net Assets

Temporarily restricted net assets were all time restricted for future periods and totaled \$1,404,167 and \$1,797,708 at December 31, 2016 and 2015, respectively. These net assets are then released and reclassified to unrestricted support where they are expended in the designated period.

7. Retirement Plan

The Fund has a defined contribution 401(k) savings plan covering substantially all employees after six months of service. Subject to certain limitations, participants may elect to make pre-tax contributions up to the maximum permitted by law. The Fund makes contributions of 5% of each participant's compensation. The Fund's contributions for the years ended December 31, 2016 and 2015 were \$68,685 and \$84,279, respectively.

8. Pass-Through Grants

The Fund is a member of Inter-Alliance Dialogue, which is a joint effort of various member organizations to create better collaboration among different national networks, all of which focus on grassroots organizing among low-income, poor, and working class communities of color in the United States. The Fund receives grants designated for Inter-Alliance Dialogue, which are recorded as liability in the accompanying statements of financial position until they are disbursed.

Jobs With Justice Education Fund

Notes to Financial Statements
December 31, 2016 and 2015

9. Related Parties

Coalitions

The Fund is affiliated with approximately 11 local coalitions that share a common mission. The Fund has no ownership or voting interests in these coalitions, but does exercise oversight of activities through affiliation agreements. The coalitions are subordinate organizations under a group exemption ruling with the Internal Revenue Service. At December 31, 2016 and 2015, \$19,010 and \$75,686, respectively, remained due to local coalitions. Summarized financial information for the coalitions is not presented herein due to immateriality.

Jobs With Justice and American Rights at Work Education Fund

Jobs With Justice (JWJ), formerly known as American Rights at Work, was formed in 2003, and is the nation's only policy and advocacy organization dedicated to advancing workers' rights to form unions and bargain with their employers for fair wages, benefits, and working conditions. Until 2015, JWJ was affiliated with the American Rights at Work Education Fund (ARWEF). As a tax-exempt organization under IRC Section 501(c)(3), ARWEF was organized as an educational and outreach organization dedicated to promoting the freedom of workers to form unions and bargain collectively.

Since December 2012, the Fund maintained a joint Cost Sharing Agreement ("the Agreement") with JWJ through its affiliation with ARWEF. The Agreement was initially effective for one year, and could be renewed automatically on a month-to-month basis, until cancelled by either party. Under the terms of the Agreement, while the entities share common missions, each maintained its independent status and corporate identity for the term of the Agreement. During 2015, ARWEF merged into the Fund, and remained dormant as of December 31, 2015. JWJ is related to the Fund through common management, and the organizations share office space, employees, and related office and administrative expenses. Neither organization holds a controlling financial interest in the other, which would require consolidation.

During the years ended December 31, 2016 and 2015, the Fund allocated shared expenses of \$813,787 and \$1,013,460, respectively, to JWJ, and JWJ reimbursed the Fund \$808,787 and \$1,068,261, respectively. The total amount due to JWJ from the Fund at December 31, 2015 was \$54,801, and is included in the accompanying statements of financial position. The total amount due from JWJ to the Fund at December 31, 2016 was \$5,000, and is included in the accompanying statements of financial position.

Jobs With Justice Education Fund

Notes to Financial Statements
December 31, 2016 and 2015

9. Related Parties (continued)

Legal Services

During the years ended December 31, 2016 and 2015, one of the Board members provided paid legal and consulting services to the Fund. The total amount paid for these services in 2016 and 2015 was \$3,972 and \$4,806, respectively.

10. Income Taxes

The Fund is recognized as a tax-exempt organization under IRC Section 501(c)(3) and is exempt from income taxes except for taxes on unrelated business activities. No tax expense is recorded in the accompanying financial statements as there was no significant net unrelated business taxable income. Contributions to the Fund are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management evaluated the tax positions for the Fund and concluded that the financial statements do not include any uncertain tax positions.