



**ALLIANCE FOR JUSTICE ACTION CAMPAIGN**

FINANCIAL STATEMENTS

DECEMBER 31, 2021





# ALLIANCE FOR JUSTICE ACTION CAMPAIGN

## FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Alliance for Justice Action Campaign

### Opinion

We have audited the accompanying financial statements of Alliance for Justice Action Campaign (the Campaign), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alliance for Justice Action Campaign as of December 31, 2021 and 2020, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 the Campaign and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the Campaign'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, including omissions, 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 the Campaign'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 the Campaign'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.

*CaliberCPAGroup, PLLC*

Bethesda, MD  
October 5, 2022



## ALLIANCE FOR JUSTICE ACTION CAMPAIGN

### STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
<b>Current assets</b>		
Cash	\$ 580,886	\$ 295,996
Accounts receivable	13,370	-
Prepaid expenses	<u>-</u>	<u>21</u>
Total current assets	<u>594,256</u>	<u>296,017</u>
<b>Property and equipment</b>		
Website	21,900	21,900
Less accumulated depreciation	<u>(21,900)</u>	<u>(17,520)</u>
Net property and equipment	<u>-</u>	<u>4,380</u>
Total assets	<u>\$ 594,256</u>	<u>\$ 300,397</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 14,746	\$ 510
Due to affiliate	<u>35,963</u>	<u>80,251</u>
Total current liabilities	<u>50,709</u>	<u>80,761</u>
<b>Net assets</b>		
Without donor restrictions	395,680	63,589
With donor restrictions	<u>147,867</u>	<u>156,047</u>
Total net assets	<u>543,547</u>	<u>219,636</u>
Total liabilities and net assets	<u>\$ 594,256</u>	<u>\$ 300,397</u>

See accompanying notes to financial statements.

## ALLIANCE FOR JUSTICE ACTION CAMPAIGN

### STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue</b>						
Contributions	\$ 400,464	\$ -	\$ 400,464	\$ 210,025	\$ -	\$ 210,025
Interest income	94	-	94	160	-	160
Net assets released from restrictions	8,180	(8,180)	-	83,357	(83,357)	-
Total revenue	<u>408,738</u>	<u>(8,180)</u>	<u>400,558</u>	<u>293,542</u>	<u>(83,357)</u>	<u>210,185</u>
<b>Expenses</b>						
Program services						
Education	4,069	-	4,069	129,838	-	129,838
Partisan work	2,687	-	2,687	118,008	-	118,008
Direct lobbying	-	-	-	11,351	-	11,351
Grassroots lobbying	8,180	-	8,180	72,006	-	72,006
Support services						
Management and administrative	61,711	-	61,711	46,161	-	46,161
Fundraising	-	-	-	9,275	-	9,275
Total expenses	<u>76,647</u>	<u>-</u>	<u>76,647</u>	<u>386,639</u>	<u>-</u>	<u>386,639</u>
<b>Change in net assets</b>	332,091	(8,180)	323,911	(93,097)	(83,357)	(176,454)
<b>Net assets</b>						
Beginning of year	<u>63,589</u>	<u>156,047</u>	<u>219,636</u>	<u>156,686</u>	<u>239,404</u>	<u>396,090</u>
End of year	<u>\$ 395,680</u>	<u>\$ 147,867</u>	<u>\$ 543,547</u>	<u>\$ 63,589</u>	<u>\$ 156,047</u>	<u>\$ 219,636</u>

See accompanying notes to financial statements.

# ALLIANCE FOR JUSTICE ACTION CAMPAIGN

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services					Support Services			Total
	Partisan Work		Direct Lobbying	Grossroots Lobbying	Total Program Services	Management and Administrative		Fundraising	
	Education								
<b>Expenses</b>									
Outsourced payroll and benefits	\$ 542	\$ 69	\$ -	\$ 201	\$ 812	\$ 16,635	\$ -	\$ -	\$ 17,447
Consultants	289	2,531	-	7,624	10,444	22,558	-	-	33,002
Rent and utilities	461	52	-	231	744	3,914	-	-	4,658
Meetings and conferences	2,524	2	-	12	2,538	533	-	-	3,071
Printing	11	2	-	3	16	72	-	-	88
Office supplies and expense	47	5	-	38	90	5,939	-	-	6,029
IT, internet and website	10	1	-	12	23	243	-	-	266
Repairs and maintenance	3	-	-	-	3	44	-	-	47
Depreciation	129	16	-	48	193	4,187	-	-	4,380
Accounting and bookkeeping	40	7	-	6	53	7,439	-	-	7,492
Travel	1	1	-	1	3	37	-	-	40
Equipment rental	12	1	-	4	17	110	-	-	127
Total expenses	<u>\$ 4,069</u>	<u>\$ 2,687</u>	<u>\$ -</u>	<u>\$ 8,180</u>	<u>\$ 14,936</u>	<u>\$ 61,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,647</u>

See accompanying notes to financial statements.

# ALLIANCE FOR JUSTICE ACTION CAMPAIGN

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services				Support Services			Total
	Education	Partisan Work	Direct Lobbying	Grossroots Lobbying	Management and Administrative	Fundraising	Total	
<b>Expenses</b>								
Outsourced payroll and benefits	\$ 59,723	\$ 23,916	\$ 1,400	\$ 10,885	\$ 18,601	\$ 2,336	\$ 116,861	
Consultants	3,947	59,378	36	48,288	7,297	6,314	125,260	
Polling	46,500	27,500	9,500	9,500	-	-	93,000	
Rent and utilities	14,522	5,573	294	2,660	4,330	502	27,881	
Meetings and conferences	1,258	24	4	7	789	-	2,082	
Printing	7	7	-	-	186	-	200	
Office supplies and expense	2,338	924	55	344	6,290	82	10,033	
IT, internet and website	356	129	12	73	95	8	673	
Repairs and maintenance	-	-	-	-	2	-	2	
Depreciation	67	89	-	4	4,220	-	4,380	
Accounting and bookkeeping	834	328	40	183	4,132	23	5,540	
Travel	39	34	3	8	127	-	211	
Equipment rental	247	106	7	54	92	10	516	
Total expenses	\$ 129,838	\$ 118,008	\$ 11,351	\$ 72,006	\$ 46,161	\$ 9,275	\$ 386,639	

See accompanying notes to financial statements.





## ALLIANCE FOR JUSTICE ACTION CAMPAIGN

### STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 323,911	\$ (176,454)
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities		
Depreciation expense	4,380	4,380
Changes in assets and liabilities		
Accounts receivable	(13,370)	5,287
Prepays	21	228
Accounts payable and accrued expenses	14,236	(14,056)
Due to affiliate	<u>(44,288)</u>	<u>20,273</u>
Net cash provided by (used for) operating activities	<u>284,890</u>	<u>(160,342)</u>
<b>Net change in cash</b>	284,890	(160,342)
<b>Cash</b>		
Beginning of year	<u>295,996</u>	<u>456,338</u>
End of year	<u>\$ 580,886</u>	<u>\$ 295,996</u>

See accompanying notes to financial statements.



## ALLIANCE FOR JUSTICE ACTION CAMPAIGN

### NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

#### NOTE 1. ORGANIZATION

The Alliance for Justice Action Campaign (the Campaign) is incorporated under the laws of the District of Columbia as a not-for-profit, non-stock corporation. The Campaign has been organized to improve access to justice and advocate in the public interest. The primary source of income for the Campaign is contribution revenue.

#### NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Financial Statement Presentation** - Financial statement presentation follows the recommendations of U.S. generally accepted accounting principles in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), *Not-for-Profit Entities - Presentation of Financial Statements*. Under those principles, the Campaign is required to report information regarding its financial position and activities according to two classes of net assets - net assets without donor restrictions and net assets with donor restrictions.

**Net Assets** - Net assets are reported in two distinct classes as follows:

*Net assets without donor restrictions* - These net assets are available to finance the general operations of the Campaign. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Campaign, the environment in which it operates, and the purposes specified in its organizing documents.

*Net assets with donor restrictions* - These net assets result from contributions and other inflows of assets, the use of which by the Campaign is limited by donor-imposed time or purpose restrictions that are either temporary or perpetual.

**Contributions, Grants, Accounts Receivable and Allowance for Doubtful Accounts** - Donor-restricted contributions and grants are generally reported as increases in net assets with donor restrictions. 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 and reported in the statements of activities and changes in net assets as net assets released from donor restrictions. All other contributions and grants are reported as increases in net assets without donor restrictions.



## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Cash** - Cash consists of amounts available for immediate withdrawal from bank accounts.

**Property and Equipment** - The Campaign capitalizes fixed assets with an original cost of \$1,000 or more. Leasehold improvements and furniture and equipment are recorded at cost. Donated equipment is reflected in the accompanying financial statements at its estimated value at the date of receipt. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

**Functional Allocation of Expenses** - The costs of providing the various programs and supporting activities of the Campaign have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Costs that can be specifically identified with a final cost objective are charged directly to that activity. Other costs are allocated among the program and supporting services benefited based on management's best estimates. Salaries and related fringe benefits are allocated based on employee time and effort studies.

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

## NOTE 3. INCOME TAXES

**Income Taxes** - The Internal Revenue Service has determined that the Campaign is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Campaign did not engage in activities which might give rise to income tax during the year ended December 31, 2021. Accordingly, no provision for income tax is made in the accompanying financial statements.

The Campaign accounts for uncertainties in income taxes recognized under a prescribed threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Campaign performed an evaluation of uncertain tax positions for the year ended December 31, 2021, and determined that there were no matters that would require recognition in the financial statements or that may have an effect on its tax-exempt status. As of December 31, 2021, the statute of limitations for tax years 2018 through 2020 remains open with the U.S. Federal jurisdiction and the state and local jurisdictions in which the Campaign files returns.

#### NOTE 4. LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

As part of the Campaign's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table represents the Campaign's financial assets available to meet cash needs for general expenditures within one year of December 31, 2021 and 2020.

	<u>2021</u>	<u>2020</u>
Total assets at end of year	\$ 594,256	\$ 300,397
Less nonfinancial assets		
Prepaid expenses	-	21
Net property and equipment	-	4,380
Total financial assets at end of year	<u>594,256</u>	<u>295,996</u>
Less amounts unavailable for general expenditures within one year		
Restricted by donor with time or purpose restrictions	<u>147,867</u>	<u>156,047</u>
 Total financial assets available for general expenditures within one year	 <u>\$ 446,389</u>	 <u>\$ 139,949</u>

#### NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021 and 2020, the Campaign has net assets with temporary donor restrictions for program activities. A summary of the Campaign's net assets activity for the years ended December 31, 2021 and 2020 is as follows:

	<u>2020</u>	<u>Additions</u>	<u>Releases</u>	<u>2021</u>
Direct and grassroots lobbying	<u>\$ 156,047</u>	<u>\$ -</u>	<u>\$ (8,180)</u>	<u>\$ 147,867</u>
	<u>2019</u>	<u>Additions</u>	<u>Releases</u>	<u>2020</u>
Direct and grassroots lobbying	<u>\$ 239,404</u>	<u>\$ -</u>	<u>\$ (83,357)</u>	<u>\$ 156,047</u>

#### NOTE 6. CONCENTRATIONS

**Credit Risk** - The Campaign maintains its cash in bank deposit accounts which at times may exceed the federally insured limits per bank. The Campaign has not experienced any loss in such accounts and believes it is not exposed to any significant credit risk on its cash. The Campaign has deposits in excess of deposit insurance of approximately \$331,000 as of December 31, 2021.

**Major Contributors** - One donor contributed 94% and 95% of the Campaign's revenue for 2021 and 2020, respectively.



## **NOTE 7. RELATED PARTY**

The Campaign is affiliated with the Alliance for Justice (the Alliance), a 501(c)(3) organization. The Campaign shares office facilities with the Alliance. During the years ended December 31, 2021 and 2020, the Alliance charged the Campaign for administrative and payroll costs totaling \$43,048 and \$173,280, respectively. At December 31, 2021 and 2020, the Campaign owed the Alliance \$35,963 and \$80,251 for shared office expenses, respectively. These amounts are included in "Due to Affiliate" in the accompanying financial statements. The Alliance also made contributions of \$375,000 and \$200,000 to the Campaign during the years ended December 31, 2021 and 2020, respectively.

## **NOTE 8. RISKS AND UNCERTAINTIES**

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 extent of the impact of the pandemic on the Campaign's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Campaign's contributors, employees, and vendors, all of which, at present, cannot be determined. Accordingly, the extent to which the pandemic may impact the Campaign's financial position, activities, and cash flows is uncertain, and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

## **NOTE 9. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through October 5, 2022, which is the date the financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying financial statements.