

**Justice at Work, Inc.**

Financial Statements  
and  
Independent Auditor's Report

June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Justice at Work, Inc.:

### **Opinion**

We have audited the accompanying financial statements of Justice at Work, Inc.(a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and its cash flows, and statement of functional expenses for the year 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 Justice at Work, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows and statement of functional expenses for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 Justice at Work, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Justice at Work, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

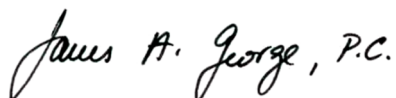
## **Auditor's Responsibilities for the Audit of the Financial Statements**

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 Justice at Work, Inc.'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 Justice at Work, Inc.'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.



JAMES A. GEORGE, P.C.  
Andover, Massachusetts  
May 14, 2024

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**Justice at Work, Inc.**  
**Statement of Financial Position**  
**June 30, 2023**

**Assets**

Current Assets	
Cash	\$ 623,289
Contribution Receivable	125,000
Prepaid Expenses	3,913
Total Current Assets	752,202
Deposits Held in Trust	14,127
Other Long Term Assets	
Operating Right of Use Asset	68,178
Total Assets	\$ 834,507

**Liabilities and Net Assets**

Current Liabilities	
Accounts Payable	\$ 19,529
Accrued Expenses	34,069
Short-Term Lease Liability	45,084
Total Current Liabilities	98,682
Long-Term Liabilities	
Long-Term Lease Liability	31,899
Deposits Held in Trust	14,127
	46,026
Total Liabilities	144,708
Net Assets (Restated - See Note A)	
With Donor Restrictions	96,708
Without Donor Restrictions	593,091
Total Net Assets	689,799
Total Liabilities and Net Assets	\$ 834,507

See accompanying notes to the financial statements.

**Justice at Work, Inc.**  
**Statement of Activities**  
**For the Year Ended**  
**June 30, 2023**

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenue and Support			
Contributions	\$ 492,030	\$ 94,250	\$ 586,280
Special Events	23,566	-	23,566
Program Service Fees	90,454	-	90,454
Other Income	351	-	351
Net Assets Released from Restrictions	86,750	(86,750)	-
 Total Public Support and Revenues	 693,151	 7,500	 700,651
 Expenses and Losses			
Program Expenses	455,785	-	455,785
Administrative Expenses	59,676	-	59,676
Fundraising Expenses	105,662	-	105,662
 Total Operating Expenses and Losses	 621,123	 -	 621,123
 Change in Net Assets	 72,028	 7,500	 79,528
Net Assets as of the Beginning of the Year	521,063	89,208	610,271
Net Assets as of the End of the Year	\$ 593,091	\$ 96,708	\$ 689,799

See accompanying notes to the financial statements.

**Justice at Work, Inc.**  
**Statement of Cash Flows**  
**June 30, 2023**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 79,528
Adjustments to Reconcile Change in Net	
Assets to Net Cash Provided by Operating Activities	
Amortization of Operating Right of Use Asset	40,907
Principal Payment on Operating Lease Liability	(41,673)
(Increase) Decrease in Operating Assets	
Promises to Give	(64,360)
Prepaid Expenses	(870)
Increase (Decrease) in Operating Liabilities	
Accounts Payable	16,942
Accrued Expenses	(2,071)
	28,403
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>28,403</b>
NET INCREASE IN CASH	28,403
BEGINNING CASH	594,886
ENDING CASH	\$ 623,289

See accompanying notes to the financial statements.

**Justice at Work, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended**  
**June 30, 2023**

	<u>Program</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and Wages	\$ 252,666	\$ 6,523	\$ 59,030	\$ 318,219
Payroll Taxes	22,211	573	5,189	27,973
Employee Benefits	38,838	5,631	11,896	56,365
Total Salaries and Related Expenses	<u>313,715</u>	<u>12,727</u>	<u>76,115</u>	<u>402,557</u>
Consultants	61,734	12,037	1,527	75,298
Occupancy	3,603	560	2,868	7,031
Professional Services	-	23,366	-	23,366
Office Expenses	11,459	2,409	7,438	21,306
Events	2,403	1,903	8,031	12,337
Research Expenses	10,281	-	-	10,281
Staff Training	4,924	2,500	-	7,424
Insurance	1,993	-	126	2,119
Litigation	1,613	-	-	1,613
Memberships, Subscriptions and Fees	1,910	293	-	2,203
Travel, Meetings and Conferences	7,213	869	386	8,468
Amortization of Right of Use Asset	29,944	1,792	9,171	40,907
Interest	4,993	-	-	4,993
Board Expenses	-	1,220	-	1,220
Total Expenses and Losses	<u>\$ 455,785</u>	<u>\$ 59,676</u>	<u>\$ 105,662</u>	<u>\$ 621,123</u>

See accompanying notes to the financial statements.

**Justice at Work, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Note A – Nature of Activities and Significant Accounting Policies

Nature of Activities

Justice at Work, Inc. is a 501(c) (3) not-for-profit organization incorporated in the Commonwealth of Massachusetts on February 9, 2011. The Agency provides a mixture of employment and labor-related legal support by training, educating, referrals and representation, in order to address issues in relation to wage theft, unsafe conditions, discrimination, harassment and illegal retaliation.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Financial Statement Presentation

The Organization's net assets (excess of its assets over liabilities) and its revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

The statement of financial position presents two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) and the statement of activities displays the change in each class of net assets. The classes of net assets applicable to the Organization are presented as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor imposed restrictions. Net assets without donor restrictions consist of assets and contributions available for the support of operations. These net assets may be designated for specific purposes by management or the Board of Directors. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or law.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or passage of time. 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 at Work, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Net assets with donor restrictions also includes the original amount of gifts and investment earnings required by the donor to be permanently retained. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

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 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.

Cash

For the purpose of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash.

Accounts Receivable

The Agency's accounts receivables are recorded when litigation ends with favorable results or out of court settlements. Accounts receivables are stated at the amount management expects to collect from court judgements or settlements. As of July 1, 2021, accounts receivable was zero. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. As of June 30, 2023, management has determined any allowance would be immaterial.

The Agency does not have a policy to accrue interest on receivables and has no policies requiring collateral or other security to secure the accounts receivable.

**Justice at Work, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. 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 collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. 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. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date.

Unconditional promises to give are periodically reviewed to estimate an allowance for doubtful accounts. Management estimates the allowance by review of historical experience and a specific review of collections trends that differ from scheduled collections on individual promises. As of June 30, 2023, the allowance for doubtful promises to give was zero.

Deposits Held in Trust

The Agency deposits settlement and judgement proceeds into an account known as the Interest on Lawyer Trust Account (IOLTA). Agency fees are withdrawn from this account and the remaining balances at year-end represent client funds or funds that belong to third-party vendors working on the cases. Interest earned on the account goes to the Commonwealth to provide legal aid to indigent persons and support improvements to the justice system. The IOLTA funds are held by a financial institution in Massachusetts certified by the Massachusetts IOLTA Committee, a nonprofit organization.

Income Taxes

The Organization is exempt from income taxes as a charitable organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. The Organization accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statement regarding a tax position taken or expected to be taken on a tax return.

The Organization has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2023. The Organization's information returns are subject to examination by the federal and state jurisdictions and generally remain open for the most recent three years.

**Justice at Work, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Fair Value Measurements

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Justice at Work, Inc. groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 - Other observable inputs, either directly or indirectly, including:
  - Quoted prices for similar assets/liabilities in active markets;
  - Quoted prices for identical or similar assets in non-active markets;
  - Inputs other than quoted prices that are observable for the asset/liability; and,
  - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 - Unobservable inputs that cannot be corroborated by observable market data.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are allocated to programs and supporting services. Administration expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Payroll and associated costs are allocated to functions based upon time studies. All other costs are expensed directly to each category.

**Justice at Work, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Fundraising Expense

Fundraising relates to the activities of raising general and specific contributions to the Organization and promoting special events. Fundraising expenses as a percentage of total contribution and special event revenue was 18% for the year ended June 30, 2023. The ratio of expenses to amounts raised is computed using actual expenses and related revenue on an accrual basis.

Special Events

The Agency has determined that special events are incidental to its operations and therefore the direct costs of benefit to the donors is reported with fundraising expense and is not included with special events revenue. Immaterial amounts of the cost of direct benefits to donors are included in fundraising expenses on the statement of activities.

Revenue Recognition

The Organization earns revenue as follows:

*Program Service Fees* - Program service fee revenue transactions are considered to be reciprocal and are earned and recognized by the Agency when units or services are provided, and a successful outcome is achieved on behalf of the client. The Agency earns contingency attorney fees for legal services provided to clients. The Agency also earns co-counsel contingency attorney fees when cases are cocounseled with other private attorneys. The fees are split through a lodestar approach, which is a method of determining fees based on reasonable hourly rates and a reasonable number of hours and may involve adjustments to reflect the characteristics of a given action. The Agency earns referral fees by recommending or sending clients to third-party attorneys who also operate on a contingency fee basis. As of June 30, 2023, substantially all of the program service fees on the statement of activities were considered to be reciprocal transactions.

*Contributions* - In accordance with ASC Sub Topic 958-605, *Revenue Recognition*, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

**Justice at Work, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Contributions without donor restrictions are recognized as revenue when received or unconditionally pledged. Contributions with donor restrictions are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as services are performed and costs are incurred pro-rata over the period covered by the grant or contribution as time restrictions lapse. Contributions with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

*Grants* - The Agency receives funding from various grantors for direct and indirect program costs associated with specific programs and projects. Various grants are subject to certain barriers as outlined in the agreement. Revenue is recognized as the barrier is met. For unconditional grants, revenue is recognized as contribution revenue that increases net assets with donor restrictions at the time the grant is received or pledged, and the funds are released from restriction when the restriction has been met. Grants with donor restrictions received and satisfied in the same period are included in grants and contributions without donor restrictions.

*Special Events* - Special event revenue is primarily derived from contributions collected and fees charged for admission at various sponsored events. Special event contributions and fees are recognized as income when received.

*In-kind Contributions* - Donations other than cash are recorded at their estimated fair market value at the date of the gift. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by individuals with those skills, and would otherwise be purchased by the Agency. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Substantially all of the Agency's revenue is derived from its activities in Massachusetts. During the year ended June 30, 2023, the Agency derived total revenue from operations from the following sources: 84% from contributions from foundations and individual donors, 13% from program service fees and 3% from special events. All revenue is recorded at the estimated net realizable amounts.

**Justice at Work, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Note A – Nature of Activities and Significant Accounting Policies (Continued)

Recently Adopted Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification [ASC] 842, Leases) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

We adopted the standard effective July 1, 2023 and recognized and measured leases existing at, or entered into after, July 1, 2023 using a modified retrospective approach, with certain practical expedients available.

As a result of the adoption of the new lease accounting guidance, we recognized on July 1, 2023 a lease liability of \$118,657 which represents the present value of the remaining operating lease payments of \$127,083, discounted using our incremental borrowing rate of 5%, and a right-of-use asset of \$109,084. The difference between the additional lease assets and lease liabilities, net of the deferred tax impact, was recorded as an adjustment to net assets.

Leases

The Organization leases office space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities on our statement of net assets. Finance leases are included in property and equipment, other current liabilities, and other long term liabilities on our statement of net assets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of our leases do not provide an implicit rate, we use 6% based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**Justice at Work, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Note B – Cash

The Organization maintains deposits in one account with one financial institution. Financial instruments that potentially subject Justice at Work, Inc. to concentrations of credit risk consist principally of cash and cash equivalents and investments. Justice at Work, Inc. maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Justice at Work, Inc. cash and cash equivalent accounts have been placed with high credit quality financial institutions. Justice at Work, Inc. has not experienced, nor does it anticipate, any losses with respect to such accounts.

Note C – Availability and Liquidity

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

Financial assets at Year End

Cash and cash equivalents	\$ 623,289
Promises to Give	125,000
	<hr/>
	748,289
Less – Donor-imposed restrictions	(104,208)
	<hr/>
Financial assets available to meet general expenditures over the next twelve months.	<u>\$ 644,081</u>

The Agency is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Agency'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.

Note D – Lease Commitments

The Organization leases office space under lease agreements which required aggregate monthly cash payments of \$46,667 during the year ended June 30, 2023. The lease expires in February 2025. Interest expense on the lease was \$4,993 for the year ending June 30, 2023, which is reflected as lease interest expense in the accompanying statement of functional expenses. The net present value of the lease liability was \$76,983 as of June 30, 2023 which was calculated using a discount rate of 5% (the Organization's estimated incremental borrowing rate as of June 30, 2023). Amortization of the related right-to-use lease asset was \$40,907 for the year ended June 30, 2023.

**Justice at Work, Inc.**  
**Notes to Financial Statements**  
**June 30, 2023**

Note D – Lease Commitments (Continued)

Future minimum payments to be made under the aforementioned lease are as follows for the years ending June 30:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Amortization</u>
2024	\$ 45,084	\$ 2,832	\$ 40,907
2025	31,899	601	27,271
	\$ 76,983	\$ 3,433	\$ 68,178

Note E - Net Assets

Net assets with donor restrictions consist of resources available to meet future obligations, but only in compliance with the restrictions specified by donors. As of June 30, 2023, net assets with donor restrictions amounted to \$96,708, and are program restricted as follows:

<u>Restriction</u>	<u>Amount</u>
Legal assistance for wage theft	\$ 15,157
Legal assistance for immigrants	50,250
Fellow personnel costs	6,301
Legal training and assistance	25,000

Net assets released from restrictions during the year ended June 30, 2023 were \$86,750, all from program restrictions.

Note F – Subsequent Events

The Organization has evaluated subsequent events through May 14, 2024 and the financial statements were available to be issued on May 14, 2024.