TIGHE, KRESS & ORR
Certified Public Accountants

June 15, 2021

Gospel Justice Initiative, Inc. D.B.A. Administer Justice
c/o Bruce Strom
1750 Grandstand Place, #15
Elgin, IL 60123

Dear Bruce:

Enclosed please find one bound copy of the audited financial statements of Gospel Justice Initiative, Inc. D.B.A. Administer Justice for the year ended December 31, 2020. If you have any questions, please do not hesitate to contact us.

Very truly yours,

Tighe Kress & Orr, PC

Tighe, Kress & Orr, PC
Certified Public Accountants

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Gospel Justice Initiative, Inc. D.B.A. Administer Justice

Audited Financial Statements

For the Year Ended December 31, 2020

(With Independent Auditor's Report Thereon)

Gospel Justice Initiative, Inc. D.B.A. Administer Justice

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors of
Gospel Justice Initiative, Inc. D.B.A. Administer Justice
Elgin, Illinois

We have audited the accompanying financial statements of Gospel Justice Initiative, Inc. D.B.A. Administer Justice (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization has elected to change its basis of accounting from modified cash basis to accrual basis in the year ended December 31, 2020. Our opinion is not modified with respect to this matter.

Tighe Kress & Orr, PC

Elgin, Illinois
June 15, 2021

Gospel Justice Initiative, Inc. D.B.A. Administer Justice
Statement of Financial Position
December 31, 2020

Assets

Current Assets:	
Cash and cash equivalents	$ 335,315
Investments	291,888
Accounts receivable	138,603
Prepaid insurance	3,530
Deposits	1,925
Total Current Assets	771,261
Property and Equipment, at cost:	
Furniture and equipment	25,681
Less accumulated depreciation	(23,958)
Property and Equipment, net	1,723
Total Assets	$ 772,984

Liabilities and Net Assets

Current Liabilities:	
Accounts payable	$ 2,176
Payroll liabilities	4,007
Credit card liabilities	10,320
Total Current Liabilities	16,503
Net Assets:	
Without donor restrictions	756,481
With donor restrictions	-
Total Net Assets	756,481
Total Liabilities and Net Assets	$ 772,984

The accompanying notes are an integral part of the financial statements.

Gospel Justice Initiative, Inc. D.B.A. Administer Justice
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support:			
Contributions	$ 636,658	$ -	$ 636,658
Grants	209,781	-	209,781
Paycheck Protection Program grant revenue	99,300		99,300
Fundraising	59,127	-	59,127
Contributed services	571,946	-	571,946
Honorariums	650	-	650
Memberships	9,212	-	9,212
Program service revenue	17,028	-	17,028
Loss on sale of building	(13,963)	-	(13,963)
Miscellaneous revenue	6,311	-	6,311
Interest and dividends	586	-	586
Unrealized gain on investments	328	-	328
Total Revenue and Other Support	1,596,964	-	1,596,964
Net Assets Released From Restrictions - Satisfaction of Program Restrictions	-	-	-
Expenses:			
Program services	1,365,228	-	1,365,228
Supporting services	57,888	-	57,888
Fundraising services	22,829	-	22,829
Total Expenses	1,445,945	-	1,445,945
Change in Net Assets	151,019	-	151,019
Net Assets, Beginning of Year	587,623	-	587,623
Prior Period Adjustment	17,839	-	17,839
Net Assets, Beginning of Year, Restated	605,462	-	605,462
Net Assets, End of Year	$ 756,481	$ -	$ 756,481

The accompanying notes are an integral part of the financial statements.

Gospel Justice Initiative, Inc. D.B.A. Administer Justice
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Supporting Services	Fundraising Services	Total Expenses
Expenses:				
Advertising	$ 29,593	$ -	$ -	$ 29,593
Bank fees	4,769	-	-	4,769
Benefits	31,404	-	-	31,404
Board expenses	4,123	-	-	4,123
Contract services	50,641	-	-	50,641
Contributed services	571,946	-	-	571,946
Depreciation	1,069	-	-	1,069
Facilities and equipment	65,326	-	-	65,326
Fundraising expense	-	-	22,829	22,829
Grant expense	2,500	-	-	2,500
Housing allowance	78,484	-	-	78,484
Insurance	43,807	-	-	43,807
Membership and dues	4,755	-	-	4,755
New center expense	1,286	-	-	1,286
Payroll taxes	25,662	3,349	-	29,011
Postage	1,650	-	-	1,650
Printing and publication	5,903	-	-	5,903
Salaries	402,424	53,827	-	456,251
Staff expenses	10,665	712	-	11,377
Supplies	4,339	-	-	4,339
Technology	9,638	-	-	9,638
Telephone	10,634	-	-	10,634
Travel and meals	4,551	-	-	4,551
Volunteer expenses	59	-	-	59
Total Expenses	$ 1,365,228	$ 57,888	$ 22,829	$ 1,445,945

The accompanying notes are an integral part of the financial statements.

Gospel Justice Initiative, Inc. D.B.A. Administer Justice
Statement of Cash Flows
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Change in net assets	$ 168,858
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	1,069
Loss on disposal of equipment	13,963
Unrealized gain on investments	328
Change in current assets and liabilities:	
Accounts receivable	(138,603)
Prepaid insurance	(3,530)
Security deposits	-
Accounts payable	2,176
Payroll liabilities	4,007
Credit card liabilities	10,320
Net cash provided by operating activities	58,588
Cash flows from investing activities:	
Purchase of investments	(292,216)
Proceeds from sale of asset held for sale	186,037
Net cash used in investing activities	(106,179)
Cash flows from financing activities:	
Net cash used in financing activities	-
Decrease in Cash	(47,591)
Cash and Cash Equivalents, Beginning of Year	382,906
Cash and Cash Equivalents, End of Year	$ 335,315

The accompanying notes are an integral part of the financial statements.

Note 1 – Significant Accounting Policies

Nature of Activities:
Gospel Justice Initiative, Inc. D.B.A. Administer Justice (the "Organization") is an Illinois not-for-profit organization whose purpose is to train and equip churches, attorneys, and individuals to establish and run legal aid centers designed to provide legal services to low income individuals. The Organization is supported primarily by contributions and grants from governmental, corporate, and private sources.

Basis of Accounting:
In the year ended December 31, 2020, the Organization elected to change the basis of accounting from modified cash basis to accrual. The financial statements of the Organization have been prepared on the accrual basis of accounting and in accordance with United States Generally Accepted Accounting Principles applicable to non-profit organizations. Revenues are recognized as they are earned and expenses as they are incurred.

Use of Estimates:
The preparation of financial statements in conformity with generally accepted account principles 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, gains, and expenses during the reported period. Actual results could differ from these estimates.

Basis of Presentation:
Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update ("ASU") 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities*. Under FASB ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions include undesignated and board-designated sources with no legal donor-imposed restrictions.

Net assets with donor restrictions represent net assets subject to donor-imposed or legal restrictions; which will either be met by the Organization's actions, the passage of time, or are perpetual in nature. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the restrictions are met or have expired. These reclassifications are reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Note 1 – Significant Accounting Policies (continued)

Contributions:
The Organization accounts for contributions in accordance with the recommendations in FASB ASC 958-225. In accordance with FASB ASC 958-225, contributions and grants received are recorded as support and revenue with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All contributions are considered to be available for unrestricted use unless specifically restricted by donors. Unrestricted contributions are recognized when received.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support, if any, is reported as an increase in net assets with donor restrictions. When a donor restriction expires, such as when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets released from restrictions and reported in the Statement of Activities and Changes in Net Assets as net assets released from restrictions.

Revenue Recognition:
In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which entities expect to be entitled in exchange for those goods or services. The update also requires additional disclosure to enable readers of the financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Organization adopted this update, along with all subsequent amendments (collectively, "ASC 606") in 2019 under the modified retrospective method. Additionally, the Organization applied the practical expedient (i) to account for revenues with similar characteristics as a collective group rather than individually, (ii) to not adjust the transaction price for the effects of significant financing components (if any), and (iii) to not disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations as of the end of the reporting period when the performance obligations relate to contracts with an expected duration of less than one year. The effect of the Organization's adoption of ASC 606 is outlined below.

In June 2018, the FASB issued ASU 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The standard clarified and improved current guidance by providing criteria for determining whether a nonprofit is receiving commensurate value in return for the resources transferred. The outcome of the analysis determines whether the contract or grant constitutes either a contribution or an exchange transaction (i.e., ASC 606). The guidance also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Organization adopted this update on a prospective basis and the effects of the adoption are outlined below.

Note 1 – Significant Accounting Policies (continued)

The effect of ASC 606 and ASU 2018-08 on the Organization's financial statements were examined in conjunction with one another. Certain of the Organization's revenue-producing arrangements do not meet the definition of a contract under ASC 606, as the arrangement does not have commercial substance and does not meet the definition of an exchange transaction under the clarified guidance in ASU 2018-08. Prior to the clarifications provided in ASU 2018-08, transactions with customers that benefited the general public were considered to be exchange transactions. Under the clarified guidance, such transactions constitute contributions. The Organization reassessed the nature of its revenue producing arrangements to ensure alignment with the definition of a contract under ASC 606 and an exchange transaction under ASU 2018-08. As a result, certain arrangements that had been classified as exchange transactions in previous years were now concluded to be contributions under ASU 2018-08.

Cash and Cash Equivalents:
The Organization, for the purposes of reporting cash flows, defines cash and cash equivalents as cash on hand, amounts held at financial institutions, and short-term highly liquid investments that are readily convertible to known amounts of cash. Investments with an original maturity of three months or less are considered short-term for these purposes.

Accounts Receivable:
Accounts receivable are stated at unpaid balances, less estimates made for doubtful accounts. Management determines the allowances for doubtful accounts by reviewing and identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management deemed no allowance necessary for the year ended December 31, 2020.

Property and Equipment:
Fixed assets are recorded at cost, if purchased, or at their estimated fair market value at the time received if donated. Expenditures for repairs and maintenance are charged to expenses as incurred, whereas renewals and betterments that extend the lives of property are capitalized. The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of $2,500. Depreciation is computed using the straight-line method over the estimated useful life of the asset. The useful lives of furniture and equipment are 5 to 7 years.

		2020
Furniture and equipment	$	25,681
Less: accumulated depreciation		(23,958)
Net property and equipment	$	1,723

During 2018 a building was donated to the Organization, valued at $200,000. The Organization held the building for sale and recorded no depreciation expense related to the building during the year ended December 31, 2019. During the year ended December 31, 2020 the building was sold. Payment of $186,037 was received and a loss on the sale of $13,963 was recorded.

Note 1 – Significant Accounting Policies (continued)

Concentrations of Credit Risk:
The Organization maintains its principal cash accounts at a local commercial bank. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At times balances in the accounts may exceed the FDIC insurance limits; the Organization does not consider these balances to be exposed to any significant credit risk.

Functional Allocation of Expenses:
The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses – Modified Cash Basis. Accordingly, certain costs have been allocated among the programs, fundraising activities, and supporting services benefited.

Liquidity:
The Organization has $771,261 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $335,315, investments of $291,888, accounts receivable of $138,603, prepaid insurance of $3,530 and deposits of $1,925. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, consisting of cash, on hand to meet one and a half months of budgeted normal operating expenses and other current obligations.

Income Tax Status:
The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, a provision for income taxes has not been made on the financial statements.

The Organization adopted the implementation of FASB ASC 740. Under FASB ASC 740, management must evaluate the positions it has taken on tax returns. Management has determined that there are no tax provisions that more likely than not would not be sustained under a potential audit or examination.

Pending Accounting Changes:
In February 2016, the FASB issued ASU No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital of operating, with only capital leases recognized on the balance sheet. The reporting of lease reported expenses in the statement of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for fiscal years beginning after December 15, 2021 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented.

Note 1 – Significant Accounting Policies (continued)

The new lease standard is expected to result in corresponding increase to assets and liabilities resulting from the Organization's current operating leases; however, the amount has not been quantified. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Note 2 – Leasing Arrangements

The Organization leases its office space under a two-year lease that expired on August 31, 2019. After August 31, 2019 the lease is month-to-month. Payments of $2,705 are made on a monthly basis. In addition, monthly payments are required for the Organization's proportionate share of real estate taxes and common area maintenance fees. Rent was $47,095 for the year ended December 31, 2020.

The Organization also leases office equipment under operating leases. Monthly payments of $19 are made for the lease of a postage meter that expired in June 2020. Monthly payments of $231 are made for the lease of a copier that will expire in December 2024. Future minimum lease payments will be made by the Organization as follows:

For the year ended December 31,		
2021	$	24,408
2022		2,770
2023		2,770
2024		2,770
Total	$	32,718

Note 3 – Contributed Services

The Organization receives donated services from unpaid volunteers. Donated services are recognized as contributions in accordance with FASB ASC 958-225 if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. An estimated value for the professional services of the attorneys, paralegals, interpreters, bookkeepers, and board volunteers has been recognized in the Statement of Activities and Changes in Net Assets having met the criteria for recognition. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets. During the year ended December 31, 2020, donated services amounted to approximately $571,946.

Note 4 - Fair Value Measurements

The Organization follows the framework established by the FASB for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under generally accepted accounting principles are described as follows:

Level 1 — Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 — Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value:

Cash accounts: Based on the value of cash held at year-end.
Mutual funds: Based on the fair market value ("FMV") of shares held at year-end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair market value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 4 - Fair Value Measurements (continued)

The Organization's assets at fair value as of December 31, 2020 consisted of $291,888 of mutual funds, exchange-traded closed-ended funds and interval funds and are all included in Level 1 of the fair value hierarchy.

The components of total investment return, as of December 31, 2020 consisted of $586 of dividends and interest, $2,483 of capital gains, and $328 of unrealized gain.

Note 5 – Paycheck Protection Program Grant Revenue

On May 6, 2020, the Organization was issued a grant in the aggregate amount of $99,300, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020. Under the terms of the PPP, as modified by the Paycheck Protection Program Flexibility Act (PPPFA), certain amounts of the grant may be used for qualifying expenses through December 31, 2020 ("spending window"), which include payroll costs, group health care benefit costs, rent, and utilities, as described in the CARES Act. The Organization has used the entire grant amount for qualifying expenses and has met other conditions of the grant. The amount of the grant is thus shown on the Statement of Activities and Changes in Net Assets as income from grant revenue.

Note 6 – Effects of COVID 19

During the year ended December 31, 2020, as a result of the spread of COVID 19 virus, economic conditions arose which impacted the programs of the Organization. The Organization followed restrictions, guidelines, and other health protocols. Fundraising events were postponed or altered to an on-line format. The Organization received the Paycheck Protection Program grant revenue, as disclosed in Note 5. Operations were able to continue with safety measures in place.

Note 7 – Subsequent Events

The Organization evaluated its December 31, 2020 financial statements for subsequent events through the date the financial statements were issued. Due to the ongoing COVID 19 pandemic, some uncertainty remains for operations beyond the year ended December 31, 2020. The impact to the Organization is assumed to relate primarily to restrictions limiting gatherings which could impact in-person fundraising events. Management believes there is a plan in place and operations will continue.