

# **JUSTICE RAPID RESPONSE USA, INC.**

## **Reviewed Financial Statements**

**December 31, 2018**

## **INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

To the Board of Directors of  
Justice Rapid Response USA, Inc.

We have reviewed the accompanying financial statements of Justice Rapid Response USA, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **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.

### **Accountant's Responsibility**

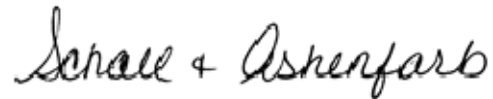
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

### **Accountant's Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

## Summarized Comparative Information

We previously reviewed Justice Rapid Response USA, Inc.'s. December 31, 2017 financial statements and in our conclusion dated June 15, 2018, stated that based on our review, we were not aware of any material modifications that should be made to the December 31, 2017 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2017, for it to be consistent with the reviewed financial statements from which it has been derived.



Schall & Ashenfarb  
Certified Public Accountants, LLC

June 25, 2019

**JUSTICE RAPID RESPONSE USA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AT DECEMBER 31, 2018**  
(With comparative totals at December 31, 2017)

	<u>12/31/18</u>	<u>12/31/17</u>
<b>Assets</b>		
Cash and cash equivalents	\$58,515	\$55,518
Security deposit	<u>9,630</u>	<u>9,630</u>
Total assets	<u><u>\$68,145</u></u>	<u><u>\$65,148</u></u>
<b>Net Assets</b>		
Net assets:		
Without donor restrictions	<u>\$68,145</u>	<u>\$65,148</u>
Total net assets	<u><u>\$68,145</u></u>	<u><u>\$65,148</u></u>

*See independent accountant's review report.*

**JUSTICE RAPID RESPONSE USA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(With comparative totals for the year ended December 31, 2017)

	<u>12/31/18</u>	<u>12/31/17</u>
Without donor restrictions:		
Public support and revenue:		
Contributions	<u>\$505,408</u>	<u>\$416,455</u>
Total public support and revenue	<u>505,408</u>	<u>416,455</u>
Expenses:		
Program services	474,743	401,301
Management and general	<u>27,668</u>	<u>26,258</u>
Total expenses	<u>502,411</u>	<u>427,559</u>
Change in net assets	2,997	(11,104)
Net assets - beginning of year	<u>65,148</u>	<u>76,252</u>
Net assets - end of year	<u><u>\$68,145</u></u>	<u><u>\$65,148</u></u>

*See independent accountant's review report.*

**JUSTICE RAPID RESPONSE USA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(With comparative totals for the year ended December 31, 2017)

	<u>Program Services</u>	<u>Management and General</u>	<u>Total Expenses 12/31/18</u>	<u>Total Expenses 12/31/17</u>
Salaries and wages	\$354,587	\$20,506	\$375,093	\$318,281
Payroll taxes and benefits	28,015	1,795	29,810	26,482
Professional fees	13,726	800	14,526	13,403
Office expenses	5,221	304	5,525	3,184
Insurance	4,107	239	4,346	2,959
Telephone and technology	2,491	145	2,636	2,881
Occupancy	61,880	3,604	65,484	60,369
Travel and outreach	4,716	275	4,991	0
<b>Total</b>	<b><u><u>\$474,743</u></u></b>	<b><u><u>\$27,668</u></u></b>	<b><u><u>\$502,411</u></u></b>	<b><u><u>\$427,559</u></u></b>

*See independent accountant's review report.*

**JUSTICE RAPID RESPONSE USA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**  
(With comparative totals for the year ended December 31, 2017)

	<u>12/31/18</u>	<u>12/31/17</u>
Cash flows from operating activities:		
Change in net assets	\$2,997	(\$11,104)
Adjustments to reconcile change in net assets to net cash flows provided by/(used for) operating activities:		
Changes in assets and liabilities:		
Security deposit	<u>0</u>	<u>(2,730)</u>
Total adjustments	<u>0</u>	<u>(2,730)</u>
Net cash flows provided by/(used for) operating activities/ net increase/(decrease) in cash and cash equivalents	2,997	(13,834)
Cash and cash equivalents - beginning of year	<u>55,518</u>	<u>69,352</u>
Cash and cash equivalents - end of year	<u><u>\$58,515</u></u>	<u><u>\$55,518</u></u>
No interest or taxes were paid.		

*See independent accountant's review report.*

**JUSTICE RAPID RESPONSE USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2018**

**Note 1 - Organization**

Justice Rapid Response USA, Inc. (the “Organization”) is a not-for-profit organization that aims to ensure the worst crimes known to humanity are investigated promptly and professionally so perpetrators can be held accountable, victims can receive justice, and would-be offenders can be deterred.

The Organization’s support comes primarily from foundation contributions.

Justice Rapid Response USA, Inc. has been notified by the Internal Revenue Service that they are exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code. They have been determined to not be a private foundation as defined in Section 509(a).

**Note 2 - Significant Accounting Policies**

a. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting, which is the method of recognizing revenue and expenses when earned or incurred regardless of when cash is received or paid.

Effective, January 1, 2018, the Organization adopted the requirements of the Financial Accounting Standards Board’s Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016- 14). This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 4).

Implementation of ASU 2016-14 did not require any reclassification or restatement of any opening balances related to the periods presented.

b. Basis of Presentation

Contributions and net assets are classified based upon the existence or absence of donor-imposed restrictions as follows; net assets without donor restrictions and net assets with donor restrictions. Because the Organization did not receive any donor restricted contributions during 2018 or 2017, all activity is recorded in the without donor restrictions net asset class.



c. Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

d. Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentration of credit risk consist of a checking account, which is placed with a financial institution that management deems to be creditworthy. At year end and throughout the year, the balance did not exceed federally insured limits and the Organization has not experienced any losses from these accounts due to failure of financial institutions.

e. Contributions

Contributions are recognized at the earlier of when cash is received or at the time a pledge becomes unconditional in nature.

f. Donated Services

The Organization recognizes contributions of services that create or enhance non-financial assets, or require specialized skills, are performed by those who possess those skills and would typically be purchased if not donated.

Board members and other individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria to be recorded and have not been included in the financial statements.

g. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

h. Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The following expenses were allocated using time and effort as the basis:

- Salaries
- Payroll tax and benefits
- Professional fees
- Office expenses
- Insurance
- Telephone and technology
- Occupancy
- Travel and outreach

i. Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. The tax filing for the period ending December 31, 2015 (the initial filing) is subject to examination by applicable taxing authorities.

j. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through June 25, 2019, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date through our evaluation date that would require adjustment to or disclosure in the financial statements.

k. New Pronouncement

On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the December 31, 2020 year, requires the full obligation of long term leases to be recorded as a liability with a corresponding “right to use asset” on the statement of financial position.

The Organization is in the process of evaluating the impact these standards will have on future financial statements.

**Note 3 - Significant Concentrations**

During 2018 and 2017, the Organization received \$454,636 and \$259,874 of its funding from Justice Rapid Response Association, a separate legal entity with which it shares common board members.

**Note 4 - Liquidity and Availability of Financial Resources**

At the December 31, 2018 the financial assets available to meet cash needs for general expenditures for the upcoming financial year consisted of cash of \$58,515.

The Organization’s cash forecast is based on the board of directors’ approved budget. Due to the small size of the office, there is very little variance between the budget and needs, and very little variance from month to month. As such the cash forecast is extremely stable, with cash needs at approximately \$42,000 per month.

Justice Rapid Response Association contributes funding to the Organization on an as-needed basis to ensure both the bank minimum requirements are being met, along with all cash needs for the Organization. Funding is transferred in advance to ensure full liquidity is available to meet all required expenses.

The Organization only receives revenues that are without donor restrictions. The self-imposed limit on use of donor resources without donor-imposed restrictions is as follows: the limit for expenditures outlined in the budget is set at \$5,000 per transaction (with exception to semi-monthly payroll and rent). Above this level, additional approval from the Executive Director is required.