

GEORGIA JUSTICE PROJECT, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020
With Independent Auditor's Report Thereon

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Georgia Justice Project, Inc.

Opinion

We have audited the accompanying financial statements of Georgia Justice Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 Georgia Justice Project, Inc. as of June 30, 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 of 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 Georgia Justice Project, 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 these 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 Georgia Justice Project, 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 is 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 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 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 Georgia Justice Project, 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 Georgia Justice Project, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate those charged with governance regarding, among other things, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "J. G. Joseph LLC". The signature is written in a cursive, flowing style.

Morrow, Georgia
October 13, 2021

GEORGIA JUSTICE PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

ASSETS		
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,797,213	\$ 1,611,211
Contributions receivable	1,219,980	1,381,175
Prepaid expenses	<u>7,916</u>	<u>16,866</u>
TOTAL CURRENT ASSETS	4,025,109	3,009,252
CASH RESTRICTED TO CAPITAL CAMPAIGN	1,000,000	1,000,000
LONG-TERM CONTRIBUTIONS RECEIVABLE, net of discounts of \$17,649 and \$57,008, respectively	882,351	1,967,992
PROPERTY AND EQUIPMENT, NET	<u>873,440</u>	<u>897,369</u>
TOTAL ASSETS	<u>\$ 6,780,900</u>	<u>\$ 6,874,613</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 13,047	\$ 5,113
Payroll accrual	122,644	87,132
Deferred revenue	-	97,500
Note payable	<u>-</u>	<u>242,640</u>
TOTAL CURRENT LIABILITIES	<u>135,691</u>	<u>432,385</u>
TOTAL LIABILITIES	<u>135,691</u>	<u>432,385</u>
NET ASSETS		
Without donor restrictions	3,015,945	2,145,321
With donor restrictions	<u>3,629,264</u>	<u>4,296,907</u>
TOTAL NET ASSETS	<u>6,645,209</u>	<u>6,442,228</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,780,900</u>	<u>\$ 6,874,613</u>

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

GEORGIA JUSTICE PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 1,464,691	\$ 644,000	\$ 2,108,691
Contributed services and in-kind	416,427	-	416,427
Government grants	242,640	-	242,640
Special events	176,623	-	176,623
Other revenue	146,871	-	146,871
Interest and investment revenue	<u>2,284</u>	<u>-</u>	<u>2,284</u>
Revenues, gains and other support	2,449,536	644,000	3,093,536
Net assets released from restriction	<u>1,311,643</u>	<u>(1,311,643)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORTS	3,761,179	(667,643)	3,093,536
EXPENSES			
Program activities	2,525,652	-	2,525,652
Supporting services			
Management and general	118,746	-	118,746
Fundraising	<u>246,157</u>	<u>-</u>	<u>246,157</u>
Total supporting services	364,903	-	364,903
TOTAL EXPENSES	<u>2,890,555</u>	<u>-</u>	<u>2,890,555</u>
CHANGE IN NET ASSETS	870,624	(667,643)	202,981
NET ASSETS, BEGINNING OF YEAR	<u>2,145,321</u>	<u>4,296,907</u>	<u>6,442,228</u>
NET ASSETS, END OF YEAR	<u>\$ 3,015,945</u>	<u>\$ 3,629,264</u>	<u>\$ 6,645,209</u>

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

GEORGIA JUSTICE PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 1,007,778	\$ 4,968,492	\$ 5,976,270
Contributed services and in-kind	446,066	-	446,066
Other revenue	87,902	-	87,902
Special events	9,289	-	9,289
Interest and investment revenue	<u>7,882</u>	<u>-</u>	<u>7,882</u>
Revenues, gains and other support	1,558,917	4,968,492	6,527,409
Net assets released from restriction	<u>1,528,741</u>	<u>(1,528,741)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORTS	3,087,658	3,439,751	6,527,409
EXPENSES			
Program activities	1,941,556	-	1,941,556
Supporting services			
Management and general	95,945	-	95,945
Fundraising	<u>201,947</u>	<u>-</u>	<u>201,947</u>
Total supporting services	297,892	-	297,892
TOTAL EXPENSES	2,239,448	-	2,239,448
CHANGE IN OPERATING NET ASSETS	848,210	3,439,751	4,287,961
NON-OPERATING REVENUE, GAINS, AND LOSSES			
Loss on disposal of assets	<u>(811)</u>	<u>-</u>	<u>(811)</u>
CHANGE IN NET ASSETS	847,399	3,439,751	4,287,150
NET ASSETS, BEGINNING OF YEAR	<u>1,297,922</u>	<u>857,156</u>	<u>2,155,078</u>
NET ASSETS, END OF YEAR	<u>\$ 2,145,321</u>	<u>\$ 4,296,907</u>	<u>\$ 6,442,228</u>

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

GEORGIA JUSTICE PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program activities	Management and general	Fundraising	Totals
Salaries	\$ 1,363,949	\$ 64,186	\$ 176,511	\$ 1,604,646
In-kind legal services	380,025	-	-	380,025
Employee benefits	176,285	8,296	22,813	207,394
Consultants	167,764	1,420	2,417	171,601
Payroll taxes	103,610	4,876	13,408	121,894
Technology/equipment	100,875	3,220	3,218	107,313
Office supplies	37,536	540	7,671	45,747
Depreciation	37,912	815	2,039	40,766
Direct assistance	36,049	-	-	36,049
Client event	30,095	-	-	30,095
Accounting/banking	-	24,050	-	24,050
Materials-program	22,300	-	-	22,300
Phone/internet	16,740	374	870	17,984
Insurance	5,982	10,250	-	16,232
Special events	-	-	15,588	15,588
Utilities	12,644	273	678	13,595
Repairs	8,492	183	457	9,132
Staff development	7,375	-	-	7,375
Food and entertainment	6,195	198	197	6,590
Maintenance	6,240	65	263	6,568
Trial preparation	3,744	-	-	3,744
Travel	1,338	-	27	1,365
Vehicle expenses	502	-	-	502
TOTAL EXPENSES	\$ 2,525,652	\$ 118,746	\$ 246,157	\$ 2,890,555

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

GEORGIA JUSTICE PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program activities	Management and general	Fundraising	Totals
Salaries	\$ 975,216	\$ 33,628	\$ 112,094	\$ 1,120,938
In-kind legal services	388,750	19,200	-	407,950
Employee benefits	96,504	3,328	11,092	110,924
Consultants	73,022	505	33,230	106,757
Payroll taxes	76,637	2,643	8,808	88,088
Technology/equipment	32,547	1,039	1,039	34,625
Office supplies	32,560	1,038	1,040	34,638
Depreciation	39,263	844	2,111	42,218
Direct assistance	19,035	-	-	19,035
Client event	111,827	-	-	111,827
Accounting/banking	-	21,269	-	21,269
Materials-program	14,971	-	-	14,971
Phone/internet	15,336	352	777	16,465
Insurance	6,296	9,947	-	16,243
Special events	-	-	29,838	29,838
Utilities	14,919	322	801	16,042
Repairs	8,956	1,493	481	10,930
Staff development	2,701	-	-	2,701
Food and entertainment	9,454	301	302	10,057
Maintenance	3,370	36	142	3,548
Trial preparation	10,037	-	-	10,037
Travel	9,494	-	192	9,686
Vehicle expenses	661	-	-	661
TOTAL EXPENSES	\$ 1,941,556	\$ 95,945	\$ 201,947	\$ 2,239,448

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

GEORGIA JUSTICE PROJECT, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 202,981	\$ 4,287,150
Adjustments to reconcile the change in net assets to net cash provided by operating activities		
Depreciation	40,766	42,218
PPP Loan forgiveness	(242,640)	-
Unrealized gain on investments	(148)	-
Loss on disposal of property and equipment	-	811
Contributions of securities	(19,049)	(27,843)
Present value discount	(39,359)	57,008
Decrease (Increase) in operating assets		
Accounts receivable	2,780	(1,840)
Contributions receivable	158,415	(1,151,526)
Prepaid expenses	8,950	(11,300)
Long-term contributions receivable	1,125,000	(2,005,000)
Increase (Decrease) in operating liabilities		
Accounts payable	7,934	686
Payroll accrual	35,512	3,279
Deferred revenue	(97,500)	97,500
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,183,642</u>	<u>1,291,143</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	19,197	63,245
Purchase of property and equipment	<u>(16,837)</u>	<u>(7,473)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	2,360	55,772
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from note payable	<u>-</u>	<u>242,640</u>
CASH FLOWS FROM FINANCING ACTIVITIES	-	242,640
NET CHANGE IN CASH	<u>1,186,002</u>	<u>1,589,555</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT THE BEGINNING OF THE YEAR	<u>2,611,211</u>	<u>1,021,656</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT THE END OF THE YEAR	<u>\$ 3,797,213</u>	<u>\$ 2,611,211</u>
SUPPLEMENTAL DISCLOSURE		
Cash paid during the period for:		
Cash paid for interest	\$ <u>102</u>	\$ <u>1</u>
Non-cash financing activities:		
Forgiveness of PPP Loan	\$ <u>242,640</u>	\$ <u>-</u>

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

GEORGIA JUSTICE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1. ORGANIZATION

Georgia Justice Project, Inc. ("GJP") is a non-profit corporation organized in 1986 to provide, without charge, legal representation and social service support to the criminally accused poor of Metropolitan Atlanta. In addition to criminal representation, GJP also provides legal assistance in correcting criminal records, improving Georgia's laws regarding collateral consequences of criminal records and providing education throughout Georgia regarding these issues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

GJP classifies its net assets and revenues and expenses, gains and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of GJP and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the organization. These net assets may be used at the discretion of the GJP's management and the board of directors.

Investment in fixed assets, net – Assets invested by the GJP in property, plant and equipment, net of accumulated depreciation

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. All donor restrictions are temporary in nature; those restrictions will be met by actions of the organization or by the passage of time.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

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

GEORGIA JUSTICE PROJECT, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Basis of accounting - continued

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are reported.

Estimates

Management of GJP makes estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from these estimates.

Fair value of financial instruments

The financial instruments shown as assets and liabilities in the statements of financial position are traditional in nature. The carrying value of cash and cash equivalents and all other financial instruments, including receivables and payables, approximate their fair value.

Cash, cash equivalents and restricted cash

For financial statement purposes, highly liquid investments with original maturities of three months or less when purchased are reported as cash and cash equivalents. For the years ended June 30, 2021 and 2020, GJP had cash equivalents of \$3,464,934 and \$1,107,237, respectively.

	2021	2020
Cash and cash equivalents	\$ 2,797,213	\$ 1,611,211
Cash restricted to capital campaign	<u>1,000,000</u>	<u>1,000,000</u>
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 3,797,213</u>	<u>\$ 2,611,211</u>

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment revenue/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Contributions receivable

Contributions receivable are recorded when unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions

GEORGIA JUSTICE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Contributions receivable - continued

market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2021 and 2020, the discount was \$17,649 and \$57,008, respectively.

Fixed assets

The Georgia Justice Project, Inc. capitalizes expenditures for property and equipment in excess of \$1,000. The fair value of donated items is similarly capitalized. Expenditures for renewals and betterments are capitalized, while those for repairs and maintenance are charged to operations as incurred. The basis of property and equipment are depreciated using the straight-line method over the useful lives of the respective assets.

The fair value of contributed items is reported as support without restrictions unless the donor has restricted the asset to a specific purpose. Assets donated with restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, GJP reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. GJP reclassifies support with restrictions to support without restrictions at that time.

Contributed services

Contributed services are reported as contributions at their fair value if such services create or enhance nonfinancial assets, or would have been purchased if not provided by donation, require specialized skills, and are provided by individuals possessing such skills. During the current year, GJP implemented a volunteer legal assistance program that was staffed by volunteer lawyers. For June 30, 2021 and 2020, contributed services consisted of the following:

	2021	2020
Probono legal services	\$ 380,025	\$ 407,950
Special projects consulting	9,850	17,600
Computer consulting	-	5,200
Psychological services	4,050	-
	\$ 393,925	\$ 430,750

Support

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or

GEORGIA JUSTICE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Support - continued

notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Functional allocation of expenses

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the GJP. Those expenses including salaries and wages, payroll taxes, office expenses, accounting fees, postage, insurance and depreciation, which are allocated on the basis of estimates of time and effort.

Income taxes

GJP qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, accordingly, is only subject to federal or state income taxes on specific types of income from activities that are unrelated to its exempt purpose. GJP had no income from unrelated activities and has no income taxes due as of June 30, 2021 and 2020.

GJP's management believes there are no material unrecognized income tax benefits, including any potential risk of loss of its not-for-profit tax status. GJP is no longer subject to examination by federal, state or local tax authorities for periods before 2018.

Upcoming accounting guidance

ASU No. 2016-02 Leases (Topic 842)

FASB issued ASU 2016-02, *Leases (Topic 842)*, which will require organizations to recognize assets and liabilities on the balance sheet for the rights and obligations created by the leases. A lessee will be required to recognize assets and liabilities for leases with terms that exceed 12 months. The standard will also require disclosures to help financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The disclosures include qualitative and quantitative requirements, providing additional information about the amounts recorded in the financial statements. ASU No. 2020-05 delayed the application of the new leases standard for one year. As a result, the leases standard is effective for the GJP's fiscal year ended June 30, 2023.

ASU No. 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets

The ASU requires that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, and disclose the following: (1) A disaggregation of the amount of contributed nonfinancial assets recognized within the statement of activities by category that depicts the type of contributed nonfinancial assets. (2) For each category of contributed nonfinancial assets recognized, qualitative information about whether nonfinancial assets were monetized or utilized; the NFP's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets; donor-imposed restrictions associated with contributed nonfinancial assets; and valuation

GEORGIA JUSTICE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Upcoming accounting guidance - continued

techniques, inputs, and the principal market used for determining fair value. This ASU is effective for the GJP’s fiscal year ending June 30, 2023.

Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Subsequent events

Subsequent events have been evaluated through October 13, 2021, which is the date the financial statements were available to be issued.

3. AVAILABILITY AND LIQUIDITY

The following represents the GJP’s financial assets at June 30, 2021, reduced by amounts not available for expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2021</u>
Financial assets:	
Cash and cash equivalents	\$ 2,797,213
Short term contributions receivable	<u>1,219,980</u>
Financial assets available to meet general expenditures over the next year	<u>4,017,193</u>

GJP’s goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in money market accounts.

4. FAIR VALUE MEASUREMENTS

GJP follows the provisions of Statement of Financial Accounting Standards Board (FASB) Accounting Standards Codification 820 (“ASC 820”), Fair Value Measurements and Disclosure, for financial assets and liabilities. Under ASC 820, fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, ASC 820 establishes a fair value

hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels. These levels, in order of highest priority to lowest priority, are described as follows:

GEORGIA JUSTICE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

4. FAIR VALUE MEASUREMENTS - continued

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Unobservable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Inputs are unobservable inputs for the asset that are supported by little or no market activity and that are significant to the fair value of the underlying asset.

GJP's financial instruments measure at fair value on a recurring basis in accordance with ASC 820 as of June 30, 2021 and 2020, are deemed as Level 1.

5. PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 180,000	\$ 180,000
Building	945,844	945,844
Capital improvements	216,320	207,793
Office furnishings	141,513	141,513
Office equipment	117,546	109,236
Program vehicles	25,001	25,001
Less accumulated depreciation	<u>(752,784)</u>	<u>(712,018)</u>
Net fixed assets	<u>\$ 873,440</u>	<u>\$ 897,369</u>

6. PAYCHECK PROTECTION PROGRAM LOAN

In March 2020, the President of the United States signed into law the Coronavirus Aid, Relief and Economic Security (CARES) Act, which provides Payroll Protection Program (PPP) loans to small businesses facing an unprecedented economic disruption due to the Coronavirus (COVID-19) outbreak. Paycheck Protection Program loans provide a direct incentive for nonprofits to keep their workers on the payroll and to maintain their operations. On April 10, 2020, the GJP was granted a loan of \$242,640 from the U.S. Government's Payroll Protection Program (PPP). The loan is uncollateralized and is fully guaranteed by the Federal government. The GJP initially recorded the loan as debt and subsequently recognized as government grants in accordance with guidance for conditional contributions; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The GJP has recognized \$242,640 as other revenue for the year ended June 30, 2021. The PPP loan is included in government grants in the statement of activities.

GEORGIA JUSTICE PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS – Continued

7. NET ASSETS

Net assets with donor restrictions were as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specific purpose:		
Time restricted	\$ 2,086,992	\$ 3,282,407
Capital Campaign	1,000,000	1,000,000
SB288 implementation	500,000	-
Restorative Justice Project	42,022	-
COVID-19 assistance	<u>250</u>	<u>14,500</u>
Total net assets with donor restrictions	<u>\$ 3,629,264</u>	<u>\$ 4,296,907</u>

Net assets with donor restrictions released from restrictions were as follows for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Net assets released from restrictions:		
Time restrictions	\$ 1,289,415	\$ 1,408,361
COVID-19 assistance	14,250	8,000
Restorative Justice Project	7,978	-
Re-entry Project	-	73,969
Planning	<u>-</u>	<u>38,411</u>
Total net assets released from restrictions	<u>\$ 1,311,643</u>	<u>\$ 1,528,741</u>

8. CONCENTRATION OF RISK

At certain times during the years, GJP had funds in excess of federally insured deposit limits on deposit with federally insured financial institutions. However, management does not believe that this creates any undue risk for GJP.

9. COMMITMENT AND CONTINGENCY

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 United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. Georgia Justice Project is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on Georgia Justice Project's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on

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NOTES TO FINANCIAL STATEMENTS – Continued

9. COMMITMENT AND CONTINGENCY – continued

Georgia Justice Project’s donors, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact Georgia Justice Project’s financial position and changes in operations and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.