

**Audited Financial Statements**

**Social Justice Learning Institute**

**June 30, 2018 and 2017**

**Quigley & Miron**

**Social Justice Learning Institute**  
**Audited Financial Statements**  
**Table of Contents**  
**June 30, 2018 and 2017**

Page  
Number

<b>Independent Auditor's Report</b> .....	1
<b>Audited Financial Statements</b>	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8

Certified Public Accountants

Suite 1660  
3550 Wilshire Boulevard  
Los Angeles, California 90010

Telephone: (213) 639-3550  
Facsimile: (213) 639-3555

Suite 700  
1999 South Bascom Avenue  
Campbell, California 95008

Telephone: (408) 614-0100  
Facsimile: (213) 639-3555

## Independent Auditor's Report

Board of Directors  
**Social Justice Learning Institute**  
Inglewood, California

We have audited the accompanying financial statements of Social Justice Learning Institute (SJLI), a nonprofit organization, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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

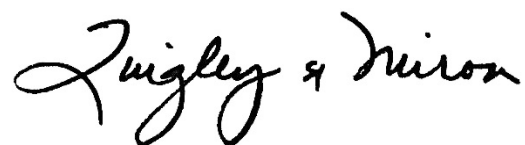
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Social Justice Learning Institute as of June 30, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Quigley & Miron". The signature is written in a cursive, flowing style.

Los Angeles, California  
January 24, 2019

**Social Justice Learning Institute  
Statements of Financial Position  
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 399,344	\$ 432,331
Grants and contributions receivable	778,427	432,300
Government contracts receivable	53,281	129,684
Prepaid expenses	3,856	3,726
Property, net—Note 3	119,656	99,414
<b>Total Assets</b>	<b><u>\$ 1,354,564</u></b>	<b><u>\$ 1,097,455</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 37,625	\$ 63,001
Short-term note payable—Note 4		12,500
Note payable—Note 5		28,652
<b>Total Liabilities</b>	<b><u>37,625</u></b>	<b><u>104,153</u></b>
<b>Net Assets</b>		
Unrestricted	234,826	18,875
Temporarily restricted—Note 7	1,082,113	974,427
<b>Total Net Assets</b>	<b><u>1,316,939</u></b>	<b><u>993,302</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,354,564</u></b>	<b><u>\$ 1,097,455</u></b>

See notes to the financial statements.

**Social Justice Learning Institute**  
**Statements of Activities**  
**Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Unrestricted Net Assets</b>		
<b>Revenue, Support, and Other Income</b>		
Grants and contributions	\$ 903,954	\$ 428,694
Government contracts	389,313	329,915
Other income	20,307	17,506
Loss on disposal of property and equipment		(9,048)
Net assets released from restrictions	752,779	570,337
	<u>2,066,353</u>	<u>1,337,404</u>
<b>Expenses</b>		
Program services	1,522,230	1,016,671
General and administrative	194,329	130,888
Fundraising	133,843	129,266
	<u>1,850,402</u>	<u>1,276,825</u>
<b>Increase in Unrestricted Net Assets</b>	<b>215,951</b>	<b>60,579</b>
<b>Temporarily Restricted Net Assets</b>		
Grants and contributions	860,465	1,046,222
Net assets released from restrictions	(752,779)	(570,337)
<b>Increase in Temporarily Restricted Net Assets</b>	<b>107,686</b>	<b>475,885</b>
<b>Change in Net Assets</b>	<b>323,637</b>	<b>536,464</b>
<b>Net Assets at Beginning of Year</b>	<b>993,302</b>	<b>456,838</b>
<b>Net Assets at End of Year</b>	<b><u>\$ 1,316,939</u></b>	<b><u>\$ 993,302</u></b>

See notes to financial statements.

**Social Justice Learning Institute  
Statement of Functional Expenses  
Year Ended June 30, 2018**

	<u>Program Services</u>	<u>General and Admin- istrative</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 562,893	\$ 132,411	\$ 76,314	\$ 771,618
Employee benefits	39,028	9,181	5,291	53,500
Payroll taxes	49,285	11,594	6,682	67,561
<b>Total Personnel Expenses</b>	<b>651,206</b>	<b>153,186</b>	<b>88,287</b>	<b>892,679</b>
Advertising and promotion	14,845	3,492	2,013	20,350
Awards and grants	11,335			11,335
Bank charges	5,567	1,310	755	7,632
Catering and meeting expense	62,752			62,752
Depreciation	11,653	2,741	1,580	15,974
Dues and subscriptions	1,902	447	258	2,607
Equipment rental and maintenance	9,504	2,236	1,288	13,028
Events and honoraria	56,399			56,399
Insurance	18,177	4,276	2,464	24,917
Interest	1,453	342	197	1,992
Internet and web hosting	1,750	411	237	2,398
Occupancy	34,993	8,232	4,744	47,969
Office expense	22,717	5,344	3,080	31,141
Postage	1,293	304	175	1,772
Printing	6,480	1,524	878	8,882
Professional fees	307,151	4,309	24,843	336,303
Program supplies	93,097			93,097
Public relations	5,335			5,335
Repairs and maintenance	7,120	1,675	965	9,760
Software and licensing	17,573			17,573
Taxes and licenses	338	79	46	463
Telephone	9,717	2,286	1,317	13,320
Travel	164,594	893		165,487
Utilities	5,279	1,242	716	7,237
<b>Total Expenses</b>	<b>\$ 1,522,230</b>	<b>\$ 194,329</b>	<b>\$ 133,843</b>	<b>\$ 1,850,402</b>

See notes to financial statements.

**Social Justice Learning Institute  
Statement of Functional Expenses  
Year Ended June 30, 2017**

	<b>Program Services</b>	<b>General and Admin- istrative</b>	<b>Fundraising</b>	<b>Total</b>
Salaries	\$ 372,481	\$ 83,534	\$ 69,176	\$ 525,191
Employee benefits	19,442	4,360	3,611	27,413
Payroll taxes	32,901	7,378	6,110	46,389
<b>Total Personnel Expenses</b>	<b>424,824</b>	<b>95,272</b>	<b>78,897</b>	<b>598,993</b>
Advertising and promotion	12,127	2,720	2,252	17,099
Awards and grants	2,025			2,025
Bank charges	5,913	1,326	1,098	8,337
Catering and meeting expense	45,866			45,866
Depreciation	11,101	2,489	2,061	15,651
Dues and subscriptions	1,634	366	303	2,303
Equipment rental and maintenance	4,622	1,036	858	6,516
Events and honoraria	57,798			57,798
Insurance	14,743	3,306	2,738	20,787
Interest	7,203	1,616	1,338	10,157
Internet and web hosting	1,354	304	251	1,909
Occupancy	32,754	7,345	6,083	46,182
Office expense	10,051	2,254	1,867	14,172
Postage	602	135	112	849
Printing	591	133	110	834
Professional fees	221,614	4,309	24,843	250,766
Program supplies	59,146			59,146
Public relations	1,500			1,500
Repairs and maintenance	19,101	4,284	3,547	26,932
Software and licensing	12,621			12,621
Tax and licenses	1,469	329	273	2,071
Telephone	7,902	1,772	1,468	11,142
Travel	53,827	483		54,310
Utilites	6,283	1,409	1,167	8,859
<b>Total Expenses</b>	<b>\$ 1,016,671</b>	<b>\$ 130,888</b>	<b>\$ 129,266</b>	<b>\$ 1,276,825</b>

See notes to financial statements.



**Social Justice Learning Institute**  
**Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 323,637	\$ 536,464
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	15,974	15,651
Loss on disposal of property and equipment		9,048
(Increase) decrease in operating assets:		
Grants and contributions receivable	(346,127)	(7,300)
Government contracts receivable	76,403	(108,791)
Prepaid expenses	(130)	(126)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(25,376)	1,075
	<u>44,381</u>	<u>446,021</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of property	(36,216)	
	<u>(36,216)</u>	
<b>Net Cash Used in Investing Activities</b>		
	<u>(36,216)</u>	
<b>Cash Flow from Financing Activities</b>		
Principal payments on short-term notes payable	(12,500)	
Advance on note payable		50,000
Principal payments on note payable	(28,652)	(68,617)
	<u>(41,152)</u>	<u>(18,617)</u>
<b>Net Cash Used in Financing Activities</b>		
	<u>(41,152)</u>	<u>(18,617)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<u>(32,987)</u>	<u>427,404</u>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<u>432,331</u>	<u>4,927</u>
<b>Cash and Cash Equivalents at End of Year</b>	<u>\$ 399,344</u>	<u>\$ 432,331</u>
<b>Supplemental Disclosures</b>		
Income taxes paid	<u>\$</u>	<u>\$</u>
Interest paid	<u>\$ 1,991</u>	<u>\$ 10,157</u>

See notes to financial statements.

**Social Justice Learning Institute**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**Note 1—Organization**

Social Justice Learning Institute (SJLI) is a California not-for-profit public benefit corporation dedicated to improving the education, health, and well-being of youth and communities of color. By empowering communities to enact social change through research training and community mobilization, SJLI works toward its vision of communities where individuals use their agency to improve each other's lives.

Established in Inglewood, California in 2008, SJLI works with youth, residents, schools and school districts, and local officials to advance academic, food and environmental justice through the following core areas:

*Empowering Youth Through Education*—SJLI uses education as a tool to empower youth of color to succeed as scholars, express themselves creatively and unlock their ability to transform their world. We provide culturally relevant teaching, curriculum development and academic support through a social justice lens. We provide tools and skills for youth to express themselves creatively and to take control of telling their own stories. We create pipelines for young men of color to pursue careers in the Allied Health and Medical fields. We teach youth to advocate for themselves and their communities. We provide residents with knowledge to improve health outcomes for themselves and their community.

*Creating Thriving Communities*—SJLI works to transform neighborhood conditions by improving access to affordable, healthy food and empowering residents with knowledge to create the changes that they want to see in their communities. We grow and distribute high-quality produce in areas that lack access to affordable, healthy food. We introduced and continue to manage the first farmers' market in the city of Inglewood. We teach residents to grow their own food and work with them to maintain our growing network of over 100 home, school and community gardens.

*Changing Systems*—SJLI builds capacity for community members to identify and rectify injustice and to advocate for their needs at the city, county and state level. We build youth leaders and support them in efforts to address issues impacting their communities. We convene a group of local community advocates to identify solutions for environmental and health disparities in Inglewood. We anchor a coalition of residents, businesses, community and faith organizations advocating for housing justice for Inglewood. We privilege the voice of community members, who inform and lead our research and advocacy efforts.

Program accomplishments during the year ended June 30, 2018 include the following:

*Empowering Youth Through Education*

*Urban Scholars*—The Urban Scholars program supports youth of color by providing them with the tools needed to achieve academic success and transform conditions in their communities. Programming includes individualized academic planning; Youth Participatory Action Research projects; college and career tours; and retreats. During the 2017-2018 school year, SJLI served students at the following program sites throughout Los Angeles County: Augustus F. Hawkins High School in South Los Angeles and Cesar Chavez Continuation High School in Compton. SJLI achieved an 86% graduation rate among its 21 seniors; the remaining seniors are on track to

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 1—Organization—Continued**

graduate in the next year. Among the graduating seniors, 78% are college bound, with the others gainfully employed.

*College Persistence and Alumni Programming*—SJLI continued to build upon its efforts to support Urban Scholars alumni on their journeys in college and the workforce by connecting them to resources related to academic success, tuition, and housing. A group of Urban Scholars alumni also came together to form the Urban Leaders Alumni Council; the purpose of the council is to provide peer support to fellow alumni as they navigate college, careers, family, and housing, as well as provide programmatic and mentorship support to current students.

*Educational Partnerships*—SJLI continued to serve as an organizational program partner for two initiatives focused on improving educational outcomes for young men of color: California Community Foundation’s Building a Lifetime of Options and Opportunities for Men (BLOOM) Initiative, which redirects the lives of young system-involved Black males; and JPMorgan Chase’s The Fellowship Initiative, which supports Black and Latino young men’s academic success.

*Healthy Eating Active Living*—SJLI taught 216 Health Eating Active Living classes during the fiscal year, educating a total of 2,788 participants about healthy lifestyle habits, nutrition, physical fitness, and gardening.

*Creating Thriving Communities*

*Just Foods*—SJLI renamed its Community Supported Agriculture program to “Just Foods”. This was the result of a Marketing and Outreach Plan that aimed to enhance the produce box and increase the number of subscribers. Other changes include a new visual identity, more accessible packaging, and new pickup and delivery options. During the year, SJLI donated more produce from the organization’s own gardens to the Community-Supported Agriculture share.

*Food for Thought Produce Pickup*—SJLI launched a monthly produce pickup in partnership with Food Forward and Inglewood Unified School District. Food Forward works with wholesale markets to recover high quality produce that would have otherwise been unnecessarily disposed of, and works with SJLI to distribute produce to the community. The organizations distributed an average of 4,000 pounds of produce each month and diverted over 50,000 pounds of produce away from landfills.

*100 Seeds of Change*—The goal of the *100 Seeds of Change* Initiative is to build a local level food system through the creation of 100 community, school and home gardens throughout Inglewood and surrounding communities. While the 100 gardens goal was completed in 2016 with 109 gardens, SJLI continued to build and rebuild school and community gardens throughout fiscal year 2018. SJLI continues to support home gardeners, as well as maintain and harvest from community and school gardens.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 1—Organization—Continued**

*Changing Systems*

*Boys and Men of Color Advocacy*—As a member of the Brothers, Sons, Selves (BSS) Coalition), which advocates for alternatives to suspensions and the decriminalization of youth and communities of color, SJLI engaged youth leaders in skills-building in advocacy and organizing. Youth leaders spoke in Sacramento on behalf of SB 607, which would end willful defiance in schools. SJLI also joined a coalition supported by the California Funders for Boys and Men of Color (CFBMoC) which is working to improve youth diversion and development efforts across the state.

*Public Health and Environmental Justice*—In partnership with the American Heart Association, SJLI continues its efforts to educate community members about the proposed Sugar-Sweetened Beverages Fee. SJLI also conducted outreach on stormwater infrastructure in Inglewood and South Los Angeles as part of Los Angeles County’s Safe Clean Water LA initiative.

*Housing Justice*—SJLI continued its role as the anchor organization for the Uplift Inglewood Coalition, a community-led effort which seeks to address gentrification, displacement and housing insecurity in the City.

SJLI’s principal funding sources are government contracts, foundation grants, and individual and corporate contributions.

**Note 2—Summary of Significant Accounting Policies**

Financial Statement Presentation—The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. SJLI recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of SJLI and changes therein are classified and reported as follows:

Unrestricted net assets—Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in performing the primary objectives of SJLI.

Temporarily restricted net assets—Net assets subject to donor-imposed stipulations that may or will be met either by actions of SJLI and/or passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently restricted net assets—Net assets that are restricted by the donors for investment in perpetuity. The investment income generated from these funds is available for general support of SJLI’s programs and operations. There were no permanently restricted net assets as of June 30, 2018 and 2017.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

Income Taxes—SJLI is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code) and Section 23701(d) of the California Revenue and Taxation Code. Accordingly, no provision for income taxes is included in the financial statements. In addition, SJLI is not a private foundation within the meaning of Section 509(a) of the Code.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered 'more likely than not' to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at June 30, 2018 and 2017. Generally, SJLI's information returns remain open for examination for a period of three (federal) or four (state of California) years from the date of filing.

Cash Equivalents—SJLI considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Furniture and Equipment—Furniture and equipment are capitalized if there is a useful life greater than one year and the cost is above a minimum threshold established by management of \$1,000. Furniture and equipment are valued at cost or the fair market at the date of donation. SJLI provides for depreciation and amortization of furniture and equipment on a straight-line basis over the estimated useful lives of five years.

Concentrations of Credit Risk—Financial instruments which potentially subject SJLI to concentrations of credit risk consist of cash and cash equivalents and grants and contributions receivable. SJLI places its cash, money market funds and certificates of deposit with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At times, such cash and cash equivalent balances may be in excess of the FDIC insurance limits, however, it is the intention of SJLI to ensure that these balances do not exceed FDIC-guaranteed levels. Management regularly reviews the financial stability of its cash depositories and deems the risk of credit loss due to these concentrations to be minimal.

Grants and Contributions Receivable—Grants and contributions receivable consist of balances from local foundations. SJLI has determined that no allowance for potential losses due to uncollectible receivables is necessary at June 30, 2018 and 2017.

Government Contracts Receivable—Government contracts receivable consist of balances from government agencies, and consist of balances earned as contract revenue yet not settled in cash. SJLI has determined that no allowance for potential losses due to uncollectible receivables is necessary at June 30, 2018 and 2017.

Contributions—Temporarily restricted and unrestricted contributions are recorded in the period received. 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 future years are recorded at the present value of their estimated future cash flows.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 2—Summary of Significant Accounting Policies—Continued**

Government Contracts—Government contract revenue is recognized in the applicable period in which the program is performed.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 3—Property, Net**

Net property at June 30, 2018 and 2017 consists of the following:

	<u>2018</u>	<u>2017</u>
Leasehold improvements	\$ 115,071	\$ 115,071
Equipment	20,151	8,779
Vehicles	43,907	19,069
	<hr/>	<hr/>
	<b>Gross</b> 179,129	<b>142,919</b>
Less accumulated depreciation and amortization	(59,473)	(43,505)
	<hr/>	<hr/>
	<b>Net</b> \$ 119,656	<b>\$ 99,414</b>
	<hr/>	<hr/>

Depreciation and amortization expense amounted to \$15,975 and \$15,651 for the years ended June 30, 2018 and 2017, respectively.

**Note 4—Short-Term Note Payable**

The short-term note payable consisted of an interest-free loan from a donor, due on demand. At June 30, 2017, the balance of the short-term note payable was \$12,500. The short-term note payable was paid back to the donor during the year ended June 30, 2018.

**Note 5—Note Payable**

In January 2017, SJLI obtained a note payable for \$50,000 from a private lender. The note payable required 260 payments of \$217.33 due each business day, ending in October 2017. At June 30, 2017, the balance of the note payable was \$28,652. The note payable matured during the year ended June 30, 2018.

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 6—Commitments and Contingencies**

In September 2015, SJLI entered into a one-year operating lease for its headquarter facility. An addendum was agreed to which runs through August 2020, and provides for annual cost of living increases with each respective year. Rent expense related to the leased headquarter facility amounted to \$47,969 and \$46,182 for the years ended June 30, 2018 and 2017, respectively. The future minimum annual lease commitment is as follows:

<u>Year Ending June 30,</u>		
2019	\$	47,622
2020		49,292
2021		8,262
	<b>Total</b>	<b>\$ 105,176</b>

**Note 7—Temporarily Restricted Net Assets**

Temporarily restricted net assets at June 30, 2018 were available for the following purposes:

	<u>2018</u>	<u>2017</u>
Educational Equity	\$ 1,059,036	\$ 843,273
School garden	23,077	46,154
Core operating support		85,000
	<b>Total</b>	<b>\$ 974,427</b>

**Note 8—Recent Accounting Pronouncements**

Restricted Cash—In November 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 clarifies how entities should present restricted cash and restricted cash equivalents in the statement of cash flows. The guidance requires entities to present the change in restricted cash and restricted cash equivalents with cash and cash equivalents to reconcile amounts on the balance sheet to the statement of cash flows. Entities will be required to disclose the nature of the restrictions, as well as reconcile the totals in the statement of cash flows to cash, cash equivalents, restricted cash, and restricted cash equivalents on the balance sheet when these are shown in more than one line item. ASU 2016-15 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted.

Leases—In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use

**Social Justice Learning Institute**  
**Notes to Financial Statements—Continued**

**Note 8—Recent Accounting Pronouncements—Continued**

asset. ASU No. 2016-02 is effective for nonprofit organizations with fiscal years beginning after December 15, 2019, with early adoption permitted. SJLI is currently evaluating the impact that the adoption of ASU 2016-02 will have on its financial statements.

Net Assets Presentation—In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, which is intended to improve how a not-for-profit entity classifies its net assets, as well as the information it presents in its financial statements about its liquidity and availability of resources, expenses and investment returns, and cash flows. The guidance replaces the three classes of net assets currently presented on the statement of financial position with two new classes of net assets, which are based on the existence or absence of donor-imposed restrictions. ASU No. 2016-14 includes specific disclosure requirements intended to improve a financial statement user's ability to assess an entity's available financial resources, along with its management of liquidity and liquidity risk. The guidance requires all not-for-profit entities to present expenses by both their natural and functional classification in a single location in the financial statements. ASU No. 2016-14 is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. SJLI is currently evaluating the impact that the adoption of ASU 2016-14 will have on its financial statements.

Revenue Recognition—In May 2014, FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, which supersedes most of the current revenue recognition requirements. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018; early adoption is permitted for fiscal years beginning after December 15, 2016. The guidance permits the use of either a retrospective or cumulative effect transition method. SJLI is evaluating whether this will have a material impact on its financial statements.

**Note 9—Subsequent Events**

Subsequent events were evaluated by management through January 24, 2019, which is the date the financial statements were available to be issued, and it was concluded that no additional subsequent events have occurred that would require adjustment to the financial statements or disclosure in the notes to the financial statements.