

INTERFAITH WORKER JUSTICE
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

For the Year Ended
December 31, 2011

INTERFAITH WORKER JUSTICE

Annual Financial Report

Table of Contents

Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10
Supplementary Information	
Combining Statement of Financial Position	11
Combining Statement of Activities	12



Desmond & Ahern, Ltd.

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Independent Auditor's Report

To the Board of Directors of
Interfaith Worker Justice
Chicago, IL

We have audited the accompanying statement of financial position of Interfaith Worker Justice (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Interfaith Worker Justice as of December 31, 2011 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information, as listed in the accompanying table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Desmond & Ahern, Ltd

May 25, 2012
Chicago, IL

**INTERFAITH WORKER JUSTICE
STATEMENT OF FINANCIAL POSITION
December 31, 2011**

Assets

Current Assets

Cash and equivalents	\$ 753,499
Contribution receivables	520,124
Prepays	14,594
Notes receivable	5,000
	<hr/>
Total current assets	1,293,217
	<hr/>

Property and Equipment

Leasehold improvements	22,982
Furniture and equipment	178,142
Less accumulated depreciation	(178,177)
	<hr/>
Net property and equipment	22,947
	<hr/>

Notes receivable, net of current portion	10,000
	<hr/>

Total Assets	\$ 1,326,164
	<hr/> <hr/>

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 34,591
Accrued payroll	51,341
Funds held for others	4,148
	<hr/>
Total liabilities	90,080
	<hr/>

Net Assets

Unrestricted	712,070
Temporarily restricted	524,014
	<hr/>
Total net assets	1,236,084
	<hr/>

Total Liabilities and Net Assets	\$ 1,326,164
	<hr/> <hr/>

See independent auditor's report and notes to financial statements.

**INTERFAITH WORKER JUSTICE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Public Support and Revenue</u>			
Contribution revenue			
Foundations	\$ 597,549	\$ 887,760	\$ 1,485,309
Unions	151,583	200	151,783
Religious organizations	116,060	66,716	182,776
Individuals	231,902	21,264	253,166
Corporations	5,051	63,508	68,559
Government	-	254,387	254,387
Honorarium	27,200	150	27,350
Intern sponsorship	-	49,500	49,500
Donated Services	55,000	-	55,000
Conference income	153,832	-	153,832
Dividends and interest	3,434	-	3,434
Merchandise sales	8,515	-	8,515
Miscellaneous income	10,123	-	10,123
Net assets released from restriction - satisfaction of program restrictions	1,495,671	(1,495,671)	-
Total Public Support and Revenue	<u>2,855,920</u>	<u>(152,186)</u>	<u>2,703,734</u>
<u>Expenses</u>			
Program services	1,813,138	-	1,813,138
Management and general	365,767	-	365,767
Fundraising	306,820	-	306,820
Total Expenses	<u>2,485,725</u>	<u>-</u>	<u>2,485,725</u>
Change in Net Assets, before transfer	370,195	(152,186)	218,009
Net asset transfer - (see Note 7)	(15,054)	-	(15,054)
Change in Net Assets, after transfer	<u>355,141</u>	<u>(152,186)</u>	<u>202,955</u>
Net Assets, Beginning of Year, as restated	<u>356,929</u>	<u>676,200</u>	<u>1,033,129</u>
Net Assets, End of Year	<u>\$ 712,070</u>	<u>\$ 524,014</u>	<u>\$ 1,236,084</u>

See independent auditor's report and notes to financial statements.

INTERFAITH WORKER JUSTICE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2011

	National Office	Southern Florida	Houston	Total Program	Management and General	Fundraising	Total
<u>Functional Expenses</u>							
Salaries and wages	\$ 578,823	\$ 34,105	\$ 94,225	\$ 707,153	\$ 114,052	\$ 184,813	\$ 1,006,018
Employee benefits and related taxes	164,054	2,003	11,073	177,130	32,325	52,381	261,836
Total salary and related expenses	742,877	36,108	105,298	884,283	146,377	237,194	1,267,854
Professional fees	50,031	6,353	9,164	65,548	26,217	5,190	96,955
Donated services	-	-	-	-	55,000	-	55,000
Grants to others	426,233	-	-	426,233	-	-	426,233
Occupancy	54,365	3,600	-	57,965	11,480	18,602	88,047
Insurance	3,387	729	1,196	5,312	667	1,081	7,060
Telephone	12,538	2,601	4,471	19,610	2,471	4,003	26,084
Supplies	10,056	636	2,654	13,346	16,979	746	31,071
Dues and subscriptions	756	-	27	783	13,350	370	14,503
Printing and publications	37,318	-	405	37,723	2,344	16,661	56,728
Postage and shipping	43,055	179	667	43,901	8,684	9,742	62,327
Conference and meetings	109,501	8,875	8,085	126,461	15,347	6,413	148,221
Travel	109,644	1,131	4,939	115,714	11,999	1,615	129,328
Fees	3,546	-	-	3,546	3,281	3,376	10,203
Depreciation	5,339	150	-	5,489	1,252	1,827	8,568
Bad debt expense	-	-	-	-	47,694	-	47,694
Miscellaneous	243	1,550	5,431	7,224	2,625	-	9,849
Total Expenses	\$ 1,608,889	\$ 61,912	\$ 142,337	\$ 1,813,138	\$ 365,767	\$ 306,820	\$ 2,485,725

See independent auditor's report and notes to financial statements.

**INTERFAITH WORKER JUSTICE
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011**

Cash Flows from Operating Activities

Cash received - contributions and conference	\$ 2,532,781
Cash received - dividends and interest	3,434
Cash received - merchandise sales	8,515
Cash received - miscellaneous income	10,123
Payments for wages and other operating activities	<u>(2,390,104)</u>
Net cash provided by operating activities	<u>164,749</u>

Cash Flows from Investing Activities

Purchase of property and equipment	<u>(11,878)</u>
Net increase in cash and equivalents	152,871
Cash and equivalents, beginning of year	<u>600,628</u>
Cash and equivalents, end of year	<u><u>\$ 753,499</u></u>

Reconciliation of Change in Net Assets to Net

Cash Provided by Operating Activities

Change in net assets	\$ 218,009
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	8,568
Net asset transfer - see Note 7	(15,054)
Change in assets - (increase) decrease	
Contributions receivable	(126,662)
Other receivables	32,781
Prepaid expenses and other current assets	15,976
Change in liabilities - increase	
Accounts payable	17,816
Accrued expenses	9,167
Funds held for others	4,148
Net cash provided by operating activities	<u><u>\$ 164,749</u></u>

See independent auditor's report and notes to financial statements.

INTERFAITH WORKER JUSTICE
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 1 – Nature of Operations and Summary of Significant Accounting Policies

Organization and Description of Program Services

Interfaith Worker Justice (IWJ) is a not-for-profit Illinois corporation exempt from Federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization has offices in Chicago and Washington, DC. It is governed by a Board of Directors.

IWJ advances the rights of workers by engaging diverse faith communities into action, from grassroots organizing to shaping policy at the local, state and national levels. They envision a nation where all workers enjoy the rights to:

- Wages, health care, and pensions that allow workers to raise families and retire with dignity
- Safe working conditions
- Organize and bargain collectively to improve wages, benefits, and conditions without harassment, intimidation, or retaliation
- Equal protection under labor law - regardless of immigration status - and an end to the practice of pitting immigrant and U.S.-born workers against one another
- Fair and just participation in a global economy that promotes the welfare of both domestic and foreign workers

IWJ is a national organization that works to accomplish its mission with the following strategies:

- Public policy education and advocacy on issues that will improve the rights of working people;
- Support on worker campaigns that seek to improve wages and working conditions for those seeking to organize;
- Technical assistance and training to its network of more than 60 affiliated organizations;
- Programs for future religious leaders looking to gain practical experience in putting their faith in action for justice;
- Educational materials and resources for religious communities, leaders, congregations and individuals to support economic justice issues.

Income Tax Status

Interfaith Worker Justice was granted an exemption from federal income taxes by the Internal Revenue Service pursuant to the provisions of Internal Revenue Code Section 501(c)(3). The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The tax exempt purpose of the Organization and the nature in which it operates is described above. The Organization continues to operate in compliance with its tax exempt purpose. The Organization's annual information and income tax returns filed with the federal and state governments are subject to examination for the statutory period.

INTERFAITH WORKER JUSTICE
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

Basis of Accounting

The accounts and financial statements are maintained on the accrual basis of accounting and accordingly, reflect all significant receivables and payables.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets, as required by Generally Accepted Accounting Principles (GAAP).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting 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 the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents

Cash consists of bank deposits in federally insured accounts and certificates of deposit with an original maturity of 12 months. At December 31, 2011, the cash accounts exceeded federally insured limits by approximately \$140,000.

Contribution Receivables

The Organization considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they are charged directly to operations when that determination is made.

Property and Equipment

Expenditures for property and equipment and items, which substantially increase the useful lives of existing assets, are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which is five years for equipment and ten for leasehold improvements.

Support and Revenue

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

INTERFAITH WORKER JUSTICE
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 1 – Nature of Operations and Summary of Significant Accounting Policies (cont.)

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Government Contributions and Grants

Support funded by government contracts, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services is met. Revenue is therefore recognized as earned as performance related expenses are incurred and the conditions of eligibility are met. These expenditures are subject to audit and acceptance by the granting Organization and, as a result of such audit, adjustments could be required.

Donated Services

Contributions of services are required to be recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ending December 31, 2011, the Organization recorded donated administrative services valued at \$55,000

In-Kind Contributions

In addition to receiving cash contributions, the Organization may receive in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind contributions as an expense in its financial statements, and similarly increase donations by a like amount. During the current year, the Organization did not receive any in-kind contributions.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Certain Vulnerabilities and Concentrations

The Organization's total revenues for the year ended December 31, 2011, as reported in the Statement of Activities, amounted to \$2,703,734, of which 56% was from four sources. These revenues were primarily from three foundations and one government funding source through various development efforts. Any negative change in the economy could have an impact on future contributions and development efforts.

INTERFAITH WORKER JUSTICE
NOTES TO FINANCIAL STATEMENTS
December 31, 2011

Note 2 – Leases

The Organization leases facility space under non-cancelable operating lease arrangements expiring on various dates through December 2013. Rental expense for these leases, included in the Statement of Activities for the year ended December 31, 2011, was \$76,816. Future minimum payments required under these operating leases are as follows:

2012	\$ 73,996
2013	48,041
	<u>\$ 122,037</u>

Note 3 – Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2011 consist of the following:

Committee grants and travel	\$ 85,000
Future periods, included in accounts receivable	425,000
Southern Florida IWJ	14,014
	<u>\$ 524,014</u>

Note 4 – Conditional Promises to Receive

At December 31, 2011, the Organization has a conditional promise to receive of approximately \$168,000 from OSHA. The promise is conditional upon expenditures incurred through October 31, 2012. As a result of this condition, this promise is not yet recognized as an asset in the statement of financial position.

Note 5 – Lines of Credit

The Organization is obligated for credit cards issued in its name. At December 31, 2011, the Organization's total available line of credit related to these credit cards is \$41,100, of which \$4,148 is outstanding and included in accounts payable.

Note 6 – Collective Bargaining Agreement

The Organization has a labor contract in place with The National Organization of Legal Service Workers, which covers approximately 70% of the Organization's workforce. Covered employees are contracted through December 31, 2012.

**INTERFAITH WORKER JUSTICE
NOTES TO FINANCIAL STATEMENTS
December 31, 2011**

Note 7 – Retirement Plan

The Organization has a 401(k) defined contribution plan for the benefit of its employees, allowing both employee and employer contributions. Contributions to the plan are made for employees with at least six months of service and at least 1,040 hours during the year. Employer contributions are approved by the Board of Directors after negotiation with IWJ’s staff union. The Organization contributed and expensed \$28,442 for the year ending December 31, 2011.

Note 8 – Net Asset Transfer

The Organization provided fiscal agent services for an entity, MPOWER, that discontinued operations during 2011. The Organization notified the funding source, who agreed to accept \$12,500 of unspent grant funds in satisfaction of the grant conditions. As of December 31, 2011, the Organization held \$13,982 in cash, of which \$1,482 will be paid to IWJ for fiscal agent services performed, and \$12,500 to the Catholic Campaign for Human Development for repayment of unspent funds during 2012.

Note 9 – Prior Year Restatements

The Organization recorded two prior-period adjustments during 2011 which affected the December 31, 2010 net asset position.

The first adjustment was to record accrued vacation at December 31, 2010. The second adjustment was to remove the unearned portion of a government award from temporarily restricted net assets at December 31, 2010.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Net assets as of December 31, 2010 - previously reported	\$ 399,103	\$ 865,319	\$ 1,264,422
Adjustments			
Vacation accrual	(42,174)	-	(42,174)
Unearned portion of government grant	-	(189,119)	(189,119)
Net assets as of December 31, 2010 - restated	<u>\$ 356,929</u>	<u>\$ 676,200</u>	<u>\$ 1,033,129</u>

Note 10 – Subsequent Events

For the year ended December 31, 2011, the Organization's management has evaluated subsequent events through May 25, 2012, which is the date the financial statements were available to be issued. No subsequent events have been identified that are required to be disclosed at that date.

Supplementary Information

INTERFAITH WORKER JUSTICE
COMBINING STATEMENT OF FINANCIAL POSITION
December 31, 2011

	National Office	Houston	Southern Florida	MPOWER	Total
<u>Assets</u>					
Current Assets					
Cash and equivalents	\$ 678,264	\$ 43,893	\$ 17,360	\$ 13,982	\$ 753,499
Contribution receivables	520,124	-	-	-	520,124
Prepays	14,594	-	-	-	14,594
Notes receivable	5,000	-	-	-	5,000
Total current assets	<u>1,217,982</u>	<u>43,893</u>	<u>17,360</u>	<u>13,982</u>	<u>1,293,217</u>
Property and Equipment					
Leasehold improvements	22,982	-	-	-	22,982
Furniture and equipment	176,637	-	1,505	-	178,142
Less accumulated depreciation	<u>(178,027)</u>	<u>-</u>	<u>(150)</u>	<u>-</u>	<u>(178,177)</u>
Net property and equipment	<u>21,592</u>	<u>-</u>	<u>1,355</u>	<u>-</u>	<u>22,947</u>
Notes receivable, net of current portion	10,000	-	-	-	10,000
Due from (to) intercompany	<u>32,177</u>	<u>(28,086)</u>	<u>(2,609)</u>	<u>(1,482)</u>	<u>-</u>
Total Assets	<u>\$ 1,281,751</u>	<u>\$ 15,807</u>	<u>\$ 16,106</u>	<u>\$ 12,500</u>	<u>\$ 1,326,164</u>
<u>Liabilities and Net Assets</u>					
Current Liabilities					
Accounts payable	\$ 22,091	\$ -	\$ -	\$ 12,500	\$ 34,591
Accrued payroll	51,341	-	-	-	51,341
Funds held for others	4,148	-	-	-	4,148
Total liabilities	<u>77,580</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>90,080</u>
Net Assets					
Unrestricted	694,171	15,807	2,092	-	712,070
Temporarily restricted	510,000	-	14,014	-	524,014
Total net assets	<u>1,204,171</u>	<u>15,807</u>	<u>16,106</u>	<u>-</u>	<u>1,236,084</u>
Total Liabilities and Net Assets	<u>\$ 1,281,751</u>	<u>\$ 15,807</u>	<u>\$ 16,106</u>	<u>\$ 12,500</u>	<u>\$ 1,326,164</u>

See independent auditor's report and notes to financial statements.

**INTERFAITH WORKER JUSTICE
COMBINING STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2011**

	National Office			Houston			Southern Florida			MPOWER	Eliminations		Combined		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted	Total
Public Support and Revenue															
Contribution revenue															
Foundations	\$ 597,549	\$ 807,950	\$ 1,405,499	\$ -	\$ 56,250	\$ 56,250	\$ -	\$ 33,970	\$ 33,970	\$ -	\$ -	\$ (10,410)	\$ 597,549	\$ 887,760	\$ 1,485,309
Unions	151,583	-	151,583	-	200	200	-	-	-	-	-	-	151,583	200	151,783
Religious organizations	116,060	55,000	171,060	-	8,522	8,522	-	3,194	3,194	-	-	-	116,060	66,716	182,776
Individuals	231,902	-	231,902	-	19,502	19,502	-	1,762	1,762	-	-	-	231,902	21,264	253,166
Corporations	5,051	4,000	9,051	-	22,508	22,508	-	37,000	37,000	-	-	-	5,051	63,508	68,559
Government	-	252,783	252,783	-	31,514	31,514	-	-	-	-	-	(29,910)	-	254,387	254,387
Honorarium	27,200	-	27,200	-	150	150	-	-	-	-	-	-	27,200	150	27,350
Intern sponsorship	-	49,500	49,500	-	-	-	-	-	-	-	-	-	-	49,500	49,500
Donated services	55,000	-	55,000	-	-	-	-	-	-	-	-	-	55,000	-	55,000
Conference income	153,832	-	153,832	-	-	-	-	-	-	-	-	-	153,832	-	153,832
Dividends and interest	3,348	-	3,348	70	-	70	16	-	16	-	-	-	3,434	-	3,434
Merchandise sales	8,515	-	8,515	-	-	-	-	-	-	-	-	-	8,515	-	8,515
Miscellaneous income	11,858	-	11,858	-	-	-	2,537	-	2,537	-	(4,272)	-	10,123	-	10,123
Net assets released from restriction - satisfaction of program restrictions	1,335,433	(1,335,433)	-	138,646	(138,646)	-	61,912	(61,912)	-	-	(40,320)	40,320	1,495,671	(1,495,671)	-
Total Public Support and Revenue	2,697,331	(166,200)	2,531,131	138,716	-	138,716	64,465	14,014	78,479	-	(44,592)	-	2,855,920	(152,186)	2,703,734
Expenses															
Program services	1,653,481	-	1,653,481	142,337	-	142,337	61,912	-	61,912	-	(44,592)	-	1,813,138	-	1,813,138
Management and general	365,767	-	365,767	-	-	-	-	-	-	-	-	-	365,767	-	365,767
Fundraising	306,820	-	306,820	-	-	-	-	-	-	-	-	-	306,820	-	306,820
Total Expenses	2,326,068	-	2,326,068	142,337	-	142,337	61,912	-	61,912	-	(44,592)	-	2,485,725	-	2,485,725
Change in Net Assets, before transfer	371,263	(166,200)	205,063	(3,621)	-	(3,621)	2,553	14,014	16,567	-	-	-	370,195	(152,186)	218,009
Net asset transfer - see Note 7	-	-	-	-	-	-	-	-	-	(15,054)	-	-	(15,054)	-	(15,054)
Change in Net Assets, after transfer	371,263	(166,200)	205,063	(3,621)	-	(3,621)	2,553	14,014	16,567	(15,054)	-	-	355,141	(152,186)	202,955
Net Assets, Beginning of Year, as restated	322,908	676,200	999,108	19,428	-	19,428	(461)	-	(461)	15,054	-	-	356,929	676,200	1,033,129
Net Assets, End of Year	\$ 694,171	\$ 510,000	\$ 1,204,171	\$ 15,807	\$ -	\$ 15,807	\$ 2,092	\$ 14,014	\$ 16,106	\$ -	\$ -	\$ -	\$ 712,070	\$ 524,014	\$ 1,236,084

See independent auditor's report and notes to financial statements.