

MAINE EQUAL JUSTICE PARTNERS, INC

AUGUSTA, MAINE

FINANCIAL REVIEW REPORT

DECEMBER 31, 2022

**MAINE EQUAL JUSTICE PARTNERS, INC.
AUGUSTA, MAINE**

DECEMBER 31, 2022

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REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Review Report

To Board of Directors and Executive Director
MAINE EQUAL JUSTICE PARTNERS, INC.
Augusta, Maine

We have reviewed the accompanying financial statements of Maine Equal Justice Partners, Inc. (a nonprofit organization), which comprise the statement financial position as of December 31, 2022, and the related statements 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.

Accountants' 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.

We are required to be independent of Maine Equal Justice Partners, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

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

Smith & Associates

SMITH & ASSOCIATES, CPAs
A Professional Association

Yarmouth, Maine
February 24, 2024

**MAINE EQUAL JUSTICE PARTNERS, INC.
STATEMENT FINANCIAL POSITION
DECEMBER 31, 2022**

Assets

Current Assets

Cash and Cash Equivalents:	
Operating	\$ 833,800
Reserve	384,684
Pledges Receivable (Net of Allowance for Uncollectible Pledges of \$2,650)	203,635
Prepaid Expenses	<u>1,966</u>

Total Current Assets \$ 1,424,085

Non-Current Assets

Pledges Receivable, Net of Current Portion	\$ 30,000
Investments	3,881,748
Property and Equipment (Net of Accumulated Depreciation of \$173,936)	<u>192,760</u>

Total Non-Current Assets \$ 4,104,508

Total Assets \$ 5,528,593

Liabilities

Current Liabilities

Accounts Payable and Accrued Expenses	\$ 18,960
Payroll Liabilities	<u>120,934</u>

Total Liabilities \$ 139,894

Net Assets

Without Donor Restrictions

Undesignated	\$ 203,983
Board Designated	<u>2,027,490</u>

Total Without Donor Restrictions \$ 2,231,473

With Donor Restrictions 3,157,226

Total Net Assets \$ 5,388,699

See Notes to Financial Statements.

EXHIBIT B**MAINE EQUAL JUSTICE PARTNERS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Operating Activities:			
Support and Revenue			
Contributions and Grants	\$ 783,556	\$ 1,141,065	\$ 1,924,621
Civil Legal Aid Contributed Support	241,173	0	241,173
Education Services	450	0	450
Miscellaneous Income	<u>430</u>	<u>0</u>	<u>430</u>
Total Support and Revenues Before Release	\$ 1,025,609	\$ 1,141,065	\$ 2,166,674
Net Assets Released from Restriction	<u>1,671,951</u>	<u>(1,671,951)</u>	<u>0</u>
Total Support and Revenues	<u>\$ 2,697,560</u>	<u>\$ (530,886)</u>	<u>\$ 2,166,674</u>
Expenses			
Program Services	\$ 2,238,751	\$ 0	\$ 2,238,751
Supporting Services			
Management and General	295,589	0	295,589
Fundraising	<u>89,222</u>	<u>0</u>	<u>89,222</u>
Total Expenses	<u>\$ 2,623,562</u>	<u>\$ 0</u>	<u>\$ 2,623,562</u>
Changes in Net Assets from Operations	<u>\$ 73,998</u>	<u>\$ (530,886)</u>	<u>\$ (456,888)</u>
Nonoperating Activities			
Investment Returns, Net	\$ (214,634)	\$ (228,871)	\$ (443,505)
Interest Income	<u>34,966</u>	<u>39,262</u>	<u>74,228</u>
Change in Net Assets from Nonoperating Activities	<u>\$ (179,668)</u>	<u>\$ (189,609)</u>	<u>\$ (369,277)</u>
Change in Net Assets	\$ (105,670)	\$ (720,495)	\$ (826,165)
Net Assets at Beginning of Year	<u>2,337,143</u>	<u>3,877,721</u>	<u>6,214,864</u>
Net Assets at End of Year	<u>\$ 2,231,473</u>	<u>\$ 3,157,226</u>	<u>\$ 5,388,699</u>

See Notes to Financial Statements.

EXHIBIT C

**MAINE EQUAL JUSTICE PARTNERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022**

	Program Services									Supporting Services		
	Litigation and Advocacy	Health Care	Income Support	Food and Hunger	Organizing	Peer Workforce Navigator	Housing	Lobbying	Consumer Protection	Management and General	Fundraising	Total
Salaries & Benefits	\$ 339,538	\$ 152,379	\$ 184,598	\$ 51,488	\$ 148,562	\$ 183,464	\$ 132,698	\$ 16,698	\$ 44,132	\$ 227,398	\$ 68,637	\$ 1,549,592
Payroll Taxes	25,342	11,373	13,778	3,843	11,088	13,693	9,904	1,246	3,294	16,972	5,123	115,656
Outreach and Meetings	12,469	5,596	6,779	1,891	5,456	6,737	4,873	613	1,620	8,351	2,521	56,906
Consultants	11,048	4,958	18,007	1,675	4,834	25,479	4,318	1,668	1,436	7,399	2,233	83,055
Continuing Education	2,249	1,009	1,223	341	984	1,215	879	111	292	1,506	455	10,264
Dues, Library and Publications	3,832	1,720	2,084	581	1,677	2,071	1,498	189	498	2,567	775	17,492
Information Technology	15,313	6,872	8,325	2,322	6,700	8,274	5,985	753	1,990	10,256	3,095	69,885
Insurance	2,888	1,296	1,570	438	1,263	1,560	1,129	142	375	1,934	584	13,179
Legal and Bar Fees	1,023	0	0	0	0	0	0	0	0	0	0	1,023
Occupancy	6,631	2,976	3,604	1,005	2,901	3,583	2,592	327	863	4,441	1,341	30,264
Office Expenses	10,982	5,144	6,149	1,996	5,026	14,901	4,530	516	1,768	7,094	2,142	60,248
Professional Fees	3,042	1,365	1,654	461	1,331	1,643	1,189	150	395	2,037	615	13,882
Promotion	2,709	1,216	1,473	411	1,185	1,464	1,059	133	352	1,814	548	12,364
Subgrants	1,113	500	552,771	169	487	12,159	435	55	145	746	225	568,805
Travel and Meals	1,495	671	813	227	654	808	584	73	194	1,001	302	6,822
Miscellaneous	72	32	39	11	32	39	28	3	9	48	15	328
Total Expenses												
Before Depreciation	\$ 439,746	\$ 197,107	\$ 802,867	\$ 66,859	\$ 192,180	\$ 277,090	\$ 171,701	\$ 22,677	\$ 57,363	\$ 293,564	\$ 88,611	\$ 2,609,765
Depreciation	3,023	1,357	1,644	458	1,323	1,633	1,181	149	393	2,025	611	13,797
Total Functional												
Expenses	<u>\$ 442,769</u>	<u>\$ 198,464</u>	<u>\$ 804,511</u>	<u>\$ 67,317</u>	<u>\$ 193,503</u>	<u>\$ 278,723</u>	<u>\$ 172,882</u>	<u>\$ 22,826</u>	<u>\$ 57,756</u>	<u>\$ 295,589</u>	<u>\$ 89,222</u>	<u>\$ 2,623,562</u>

See Notes to the Financial Statements.

EXHIBIT D**MAINE EQUAL JUSTICE PARTNERS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Cash Flows from Operating Activities	
Changes in Net Assets	\$ (826,165)
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by (Used) in Operating Activities:	
Depreciation Expense	13,797
Investment Income and Changes in Value	384,271
(Increase) Decrease in Pledges Receivable	(212,310)
(Increase) Decrease in Prepaid Expenses	5,746
Increase (Decrease) in Accounts Payable and Accrued Expenses	(39,547)
Increase (Decrease) in Payroll Liabilities	<u>102,246</u>
Net Cash Provided by (Used) in Operating Activities	\$ (571,962)
Cash Flows from Investing Activities	
Purchase of Fixed Assets	\$ (7,654)
Purchase of Securities	(500,000)
Sales of Securities	<u>58,402</u>
Net Cash Used by Investing Activities	\$ <u>(449,252)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$(1,021,214)
Cash and Cash Equivalents at Beginning of Year	<u>2,239,698</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>1,218,484</u></u>
Cash and Cash Equivalents:	
Operating	\$ 833,800
Reserves	<u>384,684</u>
Total Cash and Cash Equivalents	\$ <u><u>1,218,484</u></u>

See Notes to Financial Statements.

MAINE EQUAL JUSTICE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Maine Equal Justice Partners, Inc. (the Organization) was formed on June 7, 1996, as a nonprofit legal aid provider working to increase economic security, opportunity, and equity for people in Maine. They advocate for fair public policies in the legislature and with governmental agencies; provide direct legal services and representation through impact litigation on systemic issues; and partner with diverse low-income communities and agencies through outreach, organizing, and education.

The Organization leads its activities and initiatives from its offices in Augusta, Maine. Revenues consist primarily of contributions, gifts and grants from individuals, private foundations and businesses located here in Maine as well as around the country. The Organization also receives government funding.

A. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when the obligation is incurred.

B. Basis of Presentation

The Organization reports its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the non-profit organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Organization does not hold any donations in perpetuity as of December 31, 2022.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of donor restrictions on the net assets (i.e., the donor stipulated purpose has been fulfilled and /or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

MAINE EQUAL JUSTICE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Fair Value Measurement

The *Fair Value Measurements and Disclosure* topic of the FASB Accounting Standards Codification defines fair value and establishes a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. Fair value is 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. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs that reflect unadjusted quoted or published prices in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2: Inputs other than quoted or published prices that are observable for the asset or liability either directly or indirectly, including inputs in markets that are not considered to be active.

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

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

The investments held by the Organization have been classified within Level 1. The methods described above may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, the categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's perceived risk of liquidity for that asset.

D. Cash and Cash Equivalents

The Organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds, certificates of deposit, and other short-term investments with original maturities of three months or less from the date of purchase, except those amounts that are held in the investment portfolio which are invested for long-term purposes.

MAINE EQUAL JUSTICE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts at various financial institutions, which may from time to time exceed federally reserved limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk on cash.

Maine Equal Justice Partners, Inc. also invests in various investment securities, mutual funds, and money market funds. Investment securities are subject to various risks, such as interest rate risk, credit risk, and overall market volatility. The Securities Investor Protection Corporation (SIPC) insures the accounts held at member institutions up to a maximum of \$500,000 which mitigates custodial credit risk on certain accounts.

Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements. The Organization has established guidelines relative to diversification and maturities that target certain safety and liquidity risk levels. These guidelines are periodically reviewed and modified when necessary.

F. Investments

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter investments are reported at their fair values in the statements of financial position, and changes in fair value are reported as investment returns in the statement of activities. Investments in equity securities and mutual funds with readily determinable values are valued based on quoted market prices in active markets in which the securities are traded. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statement of activities as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations or by law.

G. Pledges Receivable

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. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

H. Revenue and Support

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. At December 31, 2022, there are no conditional promises to give to report.

MAINE EQUAL JUSTICE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, costs and expenditures have been allocated among the programs and supporting services benefited. Indirect expense allocations are based on the percentage of total salary cost spent on administration and fundraising. That percentage is applied to most expense lines, except in cases such as grants out and consultants, when larger amounts are spent with little indirect costs.

J. Measure of Operations

The statement of activities reports all changes in net assets including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing service efforts and functions central to the fulfillment of its mission. Non-operating activities are limited to resources such as interest, return from investments, endowment contributions, financing costs, and other activities considered to be of a more ancillary, unusual or nonrecurring nature.

K. Property and Equipment

Property and Equipment consists of buildings, improvements, computers, telephone, and copying equipment. Expenditures made for or donations received of property and equipment of \$1,000 or more are capitalized at cost if purchased or at fair value if donated. Depreciation is provided for on a straight-line basis over the estimated useful lives of the assets, which range from 3-30 years. Depreciation expense for the year amounted to \$13,797.

L. Use of Estimates

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.

M. Advertising Costs

Advertising costs are expensed as paid. Advertising expenses amounted to \$12,363 for the year ended December 31, 2022.

N. Contributed Nonfinancial Assets

At times, the Organization receives gifts in kind in the form of services, materials, and use of facilities. Such gifts in kind are recognized in circumstances in which the Organization has sufficient discretion over the use and disposition of the items to recognize a contribution in conformity with FASB ASC 958-605-25. Accordingly, the recognition of gifts in kind revenue is limited to circumstances in which the Organization takes constructive possession of the gifts in kind and the Organization is the recipient of the gift, rather than an agent or intermediary (as defined by accounting standards). Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization, the Organization exercises control over when the services are rendered, and there is clearly a measurable value for these services.

MAINE EQUAL JUSTICE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Contributed Nonfinancial Assets (Continued)

Gifts in kind received through donations are valued and recorded as revenue at their fair value at the time the contribution is received.

For the year ended December 31, 2022, the Organization did not receive any contributions in kind that meet the recognition criteria.

O. Compensated Absence Time

Under the terms of the personnel policies, vacation time is granted in varying amounts according to length of service. Accrued vacation is recorded when earned and amounted to \$27,318 at December 31, 2022.

P. Tax Status

The Organization is a non-profit organization exempt from income tax under U.S. Internal Revenue Code Section 501(c) (3) and comparable state law and contributions to the Organization qualify as tax deductible charitable contributions within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code.

The Organization adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. It is the opinion of management that the Organization had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Q. Change in Accounting Basis

In 2021, management adopted a policy of preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Prior to 2021, the Organization's financial statements were prepared in accordance with the modified cash basis of accounting. Management believes that this change results in more relevant financial reporting.

R. New Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), which supersedes guidance for accounting for leases under Topic 840, Leases. The Organization elected to adopt this ASU including subsequent amendments effective January 1, 2022, with no impact on previously stated balances because the Organization does not have any significant leases.

MAINE EQUAL JUSTICE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – PLEDGES RECEIVABLE

Pledges receivable are due as follows:

Less Than one year	\$ 203,635
One to five years	<u>30,000</u>
 Total pledges receivable	 <u>\$ 233,635</u>

NOTE 3 - INVESTMENTS

Investments are recorded at market value and consist of the following at December 31, 2022:

Asset Category	Fair Value	Level 1	Level 2	Level 3
Government Cash Reserves	\$ 173,437	\$ 173,437	\$ 0	\$ 0
Mutual Funds	0	0	0	0
Exchange Traded Funds	337,776	337,776	0	0
Common Stocks	935,246	935,246	0	0
Corporate Bonds	2,396,357	2,396,357	0	0
Other Holdings	<u>38,932</u>	<u>38,932</u>	<u>0</u>	<u>0</u>
 Total	 <u>\$ 3,881,748</u>	 <u>\$ 3,881,748</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

Investment income (loss) for the year ended December 31, 2022, consists of:

Interest and Dividends	\$ 59,233
Investment Fees	(15,347)
Realized and Unrealized Gains (Losses)	<u>(428,157)</u>
 Total	 <u>\$ (384,271)</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and Equipment are stated as follows:

Non-depreciable Property:	
Land	\$ 61,262
Depreciable Property and Equipment:	
Building and Improvements	270,329
Office Equipment	29,428
Furniture	<u>5,677</u>
Total Property and Equipment	366,696
Less: Accumulated Depreciation	<u>(173,936)</u>
 Property and Equipment, Net	 <u>\$ 192,760</u>

MAINE EQUAL JUSTICE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 – DEFINED CONTRIBUTION PLAN

The Organization maintains a Simple IRA retirement plan for its employees. Full and part-time employees are eligible to participate immediately upon employment. Under this arrangement, the Organization makes a 2% non-elective contribution to all eligible employees, regardless of whether they are making salary deferrals. Employer contributions for the year ending December 31, 2022, amounted to \$22,304.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions primarily relate to net assets associated with the various grant monies received but not yet expended as of December 31, 2022, which are restricted to use, either for particular purposes or over specified time periods. All such balances at December 31, 2022, bore either purpose and/or time-based restrictions.

The following funds are donor restricted at December 31, 2022:

Restricted for Time and Purpose:	
Health Care	\$ 134,282
Income Support	122,167
Income Support – Build Hope	2,773,126
Income Support – Next Step	30,151
Workforce Navigator	27,500
Vision for an Equitable Maine	10,000
Time Restricted for Future Years	<u>60,000</u>
Total Restricted for Time and Purpose:	<u>\$ 3,157,226</u>

Releases from Donor Restricted Net Assets for the year ended December 31, 2022, are as follows:

Releases from Restrictions:	
Purpose Related	1,167,595
Time Related	0
Build Hope Project:	
Administration Fees	100,000
Direct Expenses	<u>404,356</u>
Total Net Assets Released from Restrictions	<u>\$ 1,671,951</u>

NOTE 7 – BOARD DESIGNATED NET ASSETS

The Board designates funds for the following three purposes: (1) The Board maintains an operating reserve designated to cover budget shortfalls in the event of a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. (2) The Board also designates amounts for investment purposes subject to annual withdrawals pursuant to a specified formula. (3) Grants received without donor restrictions subject to grant periods that extend beyond the reporting year, are designated by the Board to cover the full grant period for budgeting purposes. Amounts are released from designation ratably over the full grant period.

MAINE EQUAL JUSTICE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 – BOARD DESIGNATED NET ASSETS (CONTINUED)

The following amounts represent Board designated assets at December 31, 2022:

Board Designated Net Assets:

Operating Reserves	\$ 384,684
Investments	1,574,889
Grant Period Designations	<u>67,917</u>
Total Board Designated Net Assets	<u>\$ 2,027,490</u>

NOTE 8 – LIQUIDITY

The Organization's working capital and cash flows have variations during the year due to timing of cash receipts from revenue and support sources. As part of the Organization's liquidity management, the organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Board has designated an operating reserve as part of its liquidity management. Policies associated with this reserve require the amount to be invested with the objective of preserving its assets to cover operating expenses and realizing earnings in a way that allows for immediate liquidity to meet Maine Equal Justice Partners, Inc's ongoing programmatic and operational needs. The Board has additional designated assets held in investments for long-term purposes. The policies associated with the board designated funds are more fully described in Note 7, Board Designated Net Assets.

The following reflects the Organization's financial assets as of December 31, 2022:

Cash and Cash Equivalents	\$ 1,424,085
Accounts Receivable	203,635
Investments	<u>3,881,748</u>
Total Financial Assets	\$ 5,509,468
Less Amounts Unavailable for General Expenditure:	
Donor Restricted	(3,157,226)
Board Designated Operating Reserve	(384,684)
Board Designated Invested Funds	<u>(1,642,806)</u>
Financial Assets Available to Meet Cash Needs for Expenditures Within One Year	<u>\$ 324,752</u>

MAINE EQUAL JUSTICE PARTNERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 – DATE OF MANAGEMENT REVIEW

Management has evaluated subsequent events through February 24, 2024, the date on which the financial statements were available to be issued.