

International Justice Mission

Financial Report
December 31, 2017

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RSM US LLP

Independent Auditor's Report

To the Board of Directors
International Justice Mission

Report on the Financial Statements

We have audited the accompanying financial statements of International Justice Mission (IJM), which comprise the statement of financial position as of December 31, 2017, the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 IJM as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2018, on our consideration of IJM's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering IJM's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited IJM's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 4, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

RSM US LLP

McLean, Virginia
May 8, 2018

International Justice Mission

Statement of Financial Position December 31, 2017 (With Comparative Totals for 2016)

	2017	2016
Assets		
Cash and cash equivalents	\$ 25,718,997	\$ 20,059,678
Investments	995,000	996,403
Receivables, net	1,885,638	617,515
Promises to give, net	3,403,466	1,084,358
Prepaid expenses and other assets	1,429,421	1,693,994
Property and equipment, net	3,264,504	3,045,862
	<u>\$ 36,697,026</u>	<u>\$ 27,497,810</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,517,178	\$ 2,182,440
Refundable advances	2,433,971	2,363,009
Accrued severance and retirement for national staff	1,766,327	993,383
Deferred rent and tenant improvements	5,837,576	6,286,545
	<u>13,555,052</u>	<u>11,825,377</u>
Commitments and contingencies (Notes 6 and 9)		
Net assets:		
Unrestricted	13,242,811	14,286,165
Temporarily restricted	9,899,163	1,386,268
	<u>23,141,974</u>	<u>15,672,433</u>
	<u>\$ 36,697,026</u>	<u>\$ 27,497,810</u>

See notes to financial statements.

International Justice Mission

Statement of Activities

Year Ended December 31, 2017

(With Comparative Totals for 2016)

	2017			2016
	Unrestricted	Temporarily Restricted	Total	
Support and revenue:				
Contributions and grants	\$ 47,508,994	\$ 23,753,433	\$ 71,262,427	\$ 53,363,146
In-kind support	2,269,830	-	2,269,830	1,066,542
Rental income	102,399	-	102,399	250,489
Other income	374,062	-	374,062	714,245
Net assets released from restrictions	15,240,538	(15,240,538)	-	-
Total support and revenue	65,495,823	8,512,895	74,008,718	55,394,422
Expenses:				
Program services:				
Justice System Transformation	37,236,834	-	37,236,834	35,364,542
Mobilization	12,613,543	-	12,613,543	8,632,278
Total program services	49,850,377	-	49,850,377	43,996,820
Supporting services:				
Fund development	7,180,809	-	7,180,809	7,949,001
General and administrative	9,507,991	-	9,507,991	7,811,233
Total supporting services	16,688,800	-	16,688,800	15,760,234
Total expenses	66,539,177	-	66,539,177	59,757,054
Change in net assets	(1,043,354)	8,512,895	7,469,541	(4,362,632)
Net assets:				
Beginning	14,286,165	1,386,268	15,672,433	20,035,065
Ending	\$ 13,242,811	\$ 9,899,163	\$ 23,141,974	\$ 15,672,433

See notes to financial statements.

International Justice Mission

**Statement of Functional Expenses
Year Ended December 31, 2017
(With Comparative Totals for 2016)**

	Program Services			Supporting Services			2017 Total	2016 Total
	Justice System Transformation	Mobilization	Total Program Services	Fund Development	General and Administrative	Total Supporting Services		
Salaries and employee benefits	\$ 22,200,320	\$ 7,300,484	\$ 29,500,804	\$ 4,534,667	\$ 5,777,933	\$ 10,312,600	\$ 39,813,404	\$ 33,793,186
Services provided by contract	4,028,000	1,205,248	5,233,248	535,676	514,034	1,049,710	6,282,958	7,453,469
Travel	2,259,989	518,734	2,778,723	463,466	182,508	645,974	3,424,697	3,210,751
Depreciation	478,239	16,567	494,806	8,100	250,966	259,066	753,872	772,751
External engagement	941,252	1,768,226	2,709,478	661,583	114,340	775,923	3,485,401	2,801,665
Professional services	217,918	30,264	248,182	21,842	880,535	902,377	1,150,559	1,179,544
Subgrants	391,771	-	391,771	-	-	-	391,771	357,560
Information technology	1,889,568	225,877	2,115,445	100,999	241,589	342,588	2,458,033	1,267,828
Facilities	2,245,956	1,008,674	3,254,630	601,020	918,273	1,519,293	4,773,923	4,501,446
Financial fees and interest	403,241	54,160	457,401	24,387	226,116	250,503	707,904	439,723
Insurance, taxes and other	233,521	148,044	381,565	66,771	210,041	276,812	658,377	642,624
Office expenses and supplies	1,500,571	334,324	1,834,895	159,148	116,850	275,998	2,110,893	2,418,427
Other expenses	446,488	2,941	449,429	3,150	74,806	77,956	527,385	918,080
	\$ 37,236,834	\$ 12,613,543	\$ 49,850,377	\$ 7,180,809	\$ 9,507,991	\$ 16,688,800	\$ 66,539,177	\$ 59,757,054

See notes to financial statements.

International Justice Mission

Statement of Cash Flows
Year Ended December 31, 2017
(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	\$ 7,469,541	\$ (4,362,632)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	753,872	772,751
Loss on disposal of property and equipment	6,633	5,452
Deferred rent and tenant improvements	(448,969)	508,592
Changes in assets and liabilities:		
(Increase) decrease in:		
Receivables, net	(1,268,123)	(65,458)
Promises to give, net	(2,319,108)	1,204,970
Prepaid expenses and other assets	264,573	(396,879)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,334,738	284,454
Refundable advances	70,962	1,640,474
Accrued severance and retirement for national staff	772,944	364,974
Net cash provided by (used in) operating activities	6,637,063	(43,302)
Cash flows from investing activities:		
Proceeds from (purchase of) investments	1,403	(3,600)
Purchase of property and equipment	(1,001,042)	(298,879)
Proceeds from sale of equipment	21,895	22,738
Net cash used in investing activities	(977,744)	(279,741)
Net increase (decrease) in cash and cash equivalents	5,659,319	(323,043)
Cash and cash equivalents:		
Beginning	20,059,678	20,382,721
Ending	\$ 25,718,997	\$ 20,059,678
Supplemental schedule of noncash investing and financing activities:		
Fixed assets acquired through tenant allowance	\$ -	\$ 989,119

See notes to financial statements.

International Justice Mission

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: International Justice Mission (IJM) is a nonprofit human rights agency, incorporated in the commonwealth of Virginia, which began operations in 1997. IJM protects the poor from violence by partnering with local authorities to: rescue victims, bring criminals to justice, restore survivors and strengthen justice systems. IJM works in 17 communities throughout the developing world on behalf of victims of slavery, sex trafficking, rape, property grabbing, police brutality and other violence. IJM also seeks to mobilize the Christian church and the general public to respond on behalf of victims of abuse.

A summary of IJM's significant accounting policies follows:

Basis of accounting: The accompanying financial statements are presented using the accrual basis of accounting in accordance with the U.S. generally accepted accounting principles.

Basis of presentation: IJM follows the Not-for-Profit Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (the Codification). Under this topic, IJM is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets: Net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets: Net assets that are subject to donor-imposed restrictions that either expire by passage of time or can be fulfilled and removed by actions of IJM pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or used for specified purposes.

Permanently restricted net assets: Net assets that are subject to donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by IJM's actions. There were no permanently restricted net assets at December 31, 2017.

Cash and cash equivalents: For purposes of reporting cash flows, IJM considers all investments purchased with an original maturity of three months or less to be cash equivalents. In order to facilitate operations in IJM's field offices worldwide, IJM maintains bank accounts in several countries. All cash in these international accounts is included in cash and cash equivalents. The balance in these accounts was \$875,122 at December 31, 2017.

Financial risk: IJM maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. IJM has not experienced any losses in such accounts. IJM believes it is not exposed to any significant financial risk on cash.

Investments: Investments consist of certificates of deposit with original maturities of 90 days or more which are recorded at cost based on quoted market prices. Interest is recognized as income when earned.

International Justice Mission

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Receivables, net: Receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history and current economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. There was no provision for doubtful accounts at December 31, 2017.

Promises to give, net: Unconditional promises to give are recognized as revenue or gains in the period acknowledged. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are initially recorded at fair value less an estimate made for doubtful promises and a discount for the time value of money. There was no discount recorded at December 31, 2017, as amounts are due within the next 15 months. The allowance for doubtful promises was \$35,200 at December 31, 2017.

Property and equipment, net: Property and equipment purchases are capitalized at cost and depreciated on a straight-line basis over their estimated lives. IJM capitalizes all property and equipment purchased with a cost of \$5,000 or more. The depreciation expense on assets acquired under capital leases is included with depreciation expense on owned assets.

Valuation of long-lived assets: IJM reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Support and revenue: Unconditional contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted revenue is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 on the statement of activities as net assets released from restrictions.

IJM receives grants from federal agencies and others for various purposes. Grant awards revenue is recognized to the extent expenses have been incurred under approved awards for the purposes specified by an approved grant. IJM defers grant payments received under approved awards to the extent the payments received exceed expenses incurred for the purposes specified under the grant restrictions. These funds are reported as refundable advances.

In-kind support: Contributions of services are recognized in the financial statements as in-kind contributions if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically be purchased if not provided by donation. These services are recorded at their estimated fair values at the date of donation and are recognized in the financial statements as contributions and expenses. Donated services in the amount of \$2,211,375 are included in the in-kind support on the accompanying statement of activities for the year ended December 31, 2017.

International Justice Mission

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Rental income: IJM currently rents four floors in an office building for its headquarters office use. A portion of this space was obtained in anticipation of future growth, but is not currently required space for the staff needs at headquarters. IJM chose to sub-lease the additional space in order to benefit from first rights to the space. In order to mitigate the rental expense related to this unused space, IJM sublets the space and generates rental income. During 2017, IJM received \$102,399 in rental income from its subtenants which, although not netted for financial statement purposes, offsets occupancy expense.

Expense allocation: Program and supporting services have been presented on a functional basis in the statement of activities. Certain overhead costs have been allocated among the programs, general and administration, and fundraising.

Fundraising events: IJM complies with the Not-for-Profit Topic of the Codification, which requires that revenue and expenses from fundraising events be reported gross; therefore, fund development expenses are not offset directly against related revenues. Contribution revenue from the events totaled \$571,045 and registration revenues totaled \$83,610 in 2017, which, although not netted for financial statement purposes, offset the costs of the fundraising banquet expenses, totaling \$112,040.

Foreign currency translation: The functional currency for IJM is the U.S. dollar. Revenue and expenses of IJM's foreign operations are translated at weighted average exchange rates for the period, and assets and liabilities are translated at the statement of financial position date at the exchange rate in effect at year-end.

Foreign currency transactions: Foreign currency transactions are recorded in U.S. dollars at the exchange rates in effect at the date of the transactions. Gains and losses are recognized as other income on the accompanying statement of activities.

Income taxes: IJM is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the Code). In addition, IJM qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. IJM did not have any net unrelated business income for the year ended December 31, 2017.

IJM complies with the accounting for uncertainty in income taxes topic, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this policy, IJM may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position would be sustained on examination by taxing authorities, based on the technical merits of the position. Management has evaluated IJM's tax positions and has concluded that IJM has taken no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this guideline. IJM would be liable for income taxes in the U.S. federal jurisdiction. Generally, IJM is no longer subject to U.S. federal tax examinations by tax authorities before 2014.

Use of estimates: The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

International Justice Mission

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Prior year information: The financial statements include certain prior year summarized comparative information in total but not by net asset class or function. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with IJM's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Reclassifications: Certain items in the December 31, 2016, summarized comparative information, have been reclassified to conform to the December 31, 2017, financial statement presentation. The reclassifications had no effect on the previously reported change in net assets or net assets.

Recent accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. IJM is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a nonprofit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. The ASU is effective for annual periods beginning after December 15, 2017, with early adoption permitted. IJM is currently evaluating the impact the adoption of this guidance will have on its financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create Topic 606, *Revenue from Contracts with Customers* and supersede the revenue recognition requirements in Topic 605, *Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the Industry Topics of the Codification. In addition, the amendments supersede the cost guidance in Subtopic 605-35, *Revenue Recognition – Construction-Type and Production-Type Contracts* and create new Subtopic 340-40, *Other Assets and Deferred Costs – Contracts with Customers*. In summary, the core principle of Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for annual reporting periods beginning after December 15, 2018. The impact of adopting ASU 2014-09 on IJM's financial statements for subsequent periods has not yet been determined.

Subsequent events: IJM evaluated subsequent events through May 8, 2018, which is the date the financial statements were available to be issued.

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Notes to Financial Statements

Note 2. Receivables

Receivables at December 31, 2017, consist of the following:

Grant receivables	\$ 1,505,275
Other receivables	359,675
Advances for travel	20,688
	<u>\$ 1,885,638</u>

Note 3. Property and Equipment

Property and equipment and accumulated depreciation at December 31, 2017, and depreciation expense for the year ended December 31, 2017, are as follows:

	Estimated Lives	Cost	Accumulated Depreciation	Net	Depreciation
Automobiles	7 years	\$ 1,950,622	\$ 914,742	\$ 1,035,880	\$ 215,615
Equipment	5 years	2,270,753	2,002,018	268,735	122,770
Leasehold improvements	7 years	1,891,570	796,210	1,095,360	192,433
Software	3 years	1,080,215	834,673	245,542	96,993
Furniture and fixtures	5-10 years	909,453	290,466	618,987	126,061
		<u>\$ 8,102,613</u>	<u>\$ 4,838,109</u>	<u>\$ 3,264,504</u>	<u>\$ 753,872</u>

Note 4. Refundable Advances

Refundable advances consist primarily of advance payments on grants. The majority of this balance is made up of advance payments from 2 donors which totaled \$2,237,142 at December 31, 2017.

Note 5. Temporarily Restricted Net Assets

Changes in temporarily restricted net assets by purpose for the year ended December 31, 2017, were as follows:

	Balance December 31, 2016	Additions	Releases	Balance December 31, 2017
Program restricted:				
Justice System Transformation	\$ 871,988	\$ 19,742,661	\$ 10,984,092	\$ 9,630,557
ERP*	-	4,000,000	4,000,000	-
Time only	501,012	-	249,012	252,000
Staff care	13,268	10,772	7,434	16,606
	<u>\$ 1,386,268</u>	<u>\$ 23,753,433</u>	<u>\$ 15,240,538</u>	<u>\$ 9,899,163</u>

* Includes time-restricted amounts

International Justice Mission

Notes to Financial Statements

Note 6. Commitments

Leases: IJM has a lease agreement for office space on several floors of its headquarters' office building which expires in March 2024. During the year ended 2015, IJM further amended its lease to include additional spaces in the same building. The lease terms for the additional space includes a provision for an optional landlord contribution toward specific improvements. The combined rent for the additional space is approximately \$70,000 per month, and rent concessions were also provided by the landlord. The existing lease arrangement includes rent concessions and a 3% annual increase, which is included in the basis for the calculation of the deferred rent amount. The benefit of these rent concessions is being amortized over the term of the lease. The lease also requires IJM to maintain a letter of credit in favor of the landlord, secured by certificates of deposit. At December 31, 2017, the combined required letter of credit was \$999,046.

IJM has also entered into other leases for office space in Cambodia, Uganda, Thailand, Kenya, Philippines, Guatemala, Bolivia and other locations in South America and South Asia. The lease terms expire at various times over the next two to five years. The leases require the tenant to make monthly rental payments ranging from approximately \$700 to \$6,000 for the term of the leases.

Future minimum rental payments applicable to operating leases at December 31, 2017, are as follows:

2018	\$	4,215,963
2019		3,968,902
2020		4,011,931
2021		4,011,038
2022		4,138,003
2023-2024		5,339,877
Total	\$	<u>25,685,714</u>

Rent expense applicable to operating leases for the year ended December 31, 2017, was \$4,120,318 and is included in the facilities costs on the statement of functional expenses.

Enterprise resource planning software: In 2016, IJM entered into several multi-year non-cancellable agreements for enterprise software subscriptions, licenses and support with future payment requirements as follows:

Years ending December 31:	Workday	Salesforce	Classy	Total
2018	\$ 575,597	\$ 470,625	\$ 198,000	\$ 1,244,222
2019	575,597	470,625	198,000	1,244,222
2020	575,597	403,758	16,500	995,855
2021	95,933	17,356	-	113,289
Total	\$ 1,822,724	\$ 1,362,364	\$ 412,500	\$ 3,597,588

International Justice Mission

Notes to Financial Statements

Note 7. Retirement Plan

IJM maintains a defined contribution pension plan (the Plan) under Section 403(b)(7) of the Code. IJM made discretionary contributions to the Plan for the benefit of eligible employees in amounts equal to 6% of qualifying compensation during the year ended December 31, 2017. Contributions for not yet vested employees are held by the Plan custodian until they meet the one-year service requirement. IJM contributed \$1,237,225 to the Plan during the year ended December 31, 2017.

Note 8. Related Parties

IJM has five partner offices: IJM Canada, IJM Germany, IJM Netherlands, IJM UK and IJM Australia (collectively referred to as the Partner Offices). The Partner Offices are independent organizations, governed by independent boards, staffed by national leadership and tied to IJM through trademark and ministry agreements. The Partner Offices grow the justice movement in their own country and provide resources – including funding, personnel, political influence, media attention and overall mission strategy – to accomplish the shared mission around the world.

IJM receives support for operations from the Partner Offices and is also reimbursed for certain expenses by the Partner Offices. IJM also provides support to the Partner Offices as support for operations. For the year ended December 31, 2017, support received from and provided to the Partner Offices is as follows:

	IJM Canada	IJM UK	Germany	Netherlands	IJM Australia	Total
Support received from Partner Offices	\$ 3,141,892	\$ 776,423	\$ 475,309	\$ 969,861	\$ 340,175	\$ 5,703,660
Support provided to Partner Offices	6,831	1,341	-	132,355	54,837	195,364
Net support received from Partner Offices	<u>\$ 3,135,061</u>	<u>\$ 775,082</u>	<u>\$ 475,309</u>	<u>\$ 837,506</u>	<u>\$ 285,338</u>	<u>\$ 5,508,296</u>

Note 9. Contingencies

Federal awards: IJM participates in a number of federally-assisted grant programs which are subject to financial and compliance audits by the federal government or its representatives. As such, there exists a contingent liability for potential questioned costs that may result from such audits. Management does not anticipate any significant adjustments as a result of such audits.

International operations: IJM has operations in many countries throughout the world, many of which have politically and economically volatile environments and whose governments are still in development stages. As a result, IJM may have financial risks associated with these operations, including such matters as the assessment of local taxes. No assessments of any such amounts have been received and, accordingly, no provisions for such liabilities, if any, that might result from these operations have been made in the accompanying financial statements.

Legal matters: From time to time, IJM may be subject to various legal proceedings, which are incidental to the ordinary course of business. In the opinion of management, there are no material legal proceedings to which IJM is a party.

Line of credit: At year-end, IJM had a \$6,000,000 committed line of credit. This line of credit expires September 30, 2018, accrues interest at one-month LIBOR plus 1.65 percent, and is secured by all assets of IJM. The bank requires that IJM comply with certain administrative covenants. There is no outstanding balance on the line at December 31, 2017.