

**ASSOCIATION FOR A MORE
JUST SOCIETY - U.S.**

Audited Financial Statements

Years Ended July 31, 2012 and 2011

TABLE OF CONTENTS

Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	6
Notes to Financial Statements	7



McKeown
Kraai and
Phillips, PLC
Certified Public
Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Association For A More Just Society - U.S
Grand Rapids, Michigan

We have audited the accompanying statements of financial position of the Association For A More Just Society - U.S., (a nonprofit organization) as of July 31, 2012 and 2011, and the related statements of activities, functional expenses and cash flows for the years 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. Those 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 above present fairly, in all material respects, the financial position of Association For A More Just Society - U.S at July 31, 2012 and 2011, and the change in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

McKeown, Kraai & Phillips, PLC

McKeown, Kraai and Phillips, PLC
Certified Public Accountants

October 1, 2012

STATEMENTS OF FINANCIAL POSITION

ASSOCIATION FOR A MORE JUST SOCIETY - US
July 31, 2012 and 2011

ASSETS

	Unrestricted	Temporarily Restricted	2012	2011
Cash and cash equivalents	\$ 33,529	\$ 10,604	\$ 44,133	\$ 52,692
Unconditional promises to give	4,345		4,345	4,194
Prepaid expense	<u>2,702</u>	<u>.</u>	<u>2,702</u>	<u>3,158</u>
Total current assets	<u>40,576</u>	<u>10,604</u>	<u>51,180</u>	<u>60,044</u>
Equipment, net of depreciation	16,142	.	16,142	20,121
Total assets	<u>\$ 56,718</u>	<u>\$ 10,604</u>	<u>\$ 67,322</u>	<u>\$ 80,165</u>

LIABILITIES AND NET ASSETS

Liabilities.

Grants payable	\$ 9,460	\$.	\$ 9,460	\$ 4,550
Accounts payable	<u>4,698</u>	<u>-</u>	<u>4,698</u>	<u>180</u>
Total liabilities	14,158	.	14,158	4,730

Net Assets:

Unrestricted	42,560	-	42,560	61,146
Temporarily restricted	<u></u>	<u>10,604</u>	<u>10,604</u>	<u>14,289</u>
Total net assets	<u>42,560</u>	<u>10,604</u>	<u>53,164</u>	<u>75,435</u>
Total liabilities and net assets	<u>\$ 56,718</u>	<u>\$ 10,604</u>	<u>\$ 67,322</u>	<u>\$ 80,165</u>

See accompanying independent auditors' report and notes to financial statements

STATEMENTS OF ACTIVITIES

ASSOCIATION FOR A MORE JUST SOCIETY - US

Year ended July 31, 2012 and 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2012</u>	<u>2011</u>
Support and Revenues:				
Grants and contributions	\$ 338,826	\$ 104,747	\$ 443,573	\$ 333,635
In-kind contributions	450	-	450	5,950
Other income	1,360	5	1,365	1,207
Net assets released from restrictions	<u>104,447</u>	<u>(104,447)</u>	<u>.</u>	<u>-</u>
Total support and revenues	<u>445,083</u>	<u>305</u>	<u>445,388</u>	<u>340,792</u>
Expenses.				
Program services	415,121	3,990	419,111	290,611
Management and general	21,275		21,275	15,248
Fundraising	<u>27,272</u>	<u>.</u>	<u>27,272</u>	<u>21,747</u>
Total expenses	<u>463,668</u>	<u>3,990</u>	<u>467,658</u>	<u>327,606</u>
Increase (decrease) in net assets	(18,585)	(3,685)	(22,270)	13,186
Net Assets.				
Beginning of year	<u>61,146</u>	<u>14,289</u>	<u>75,435</u>	<u>62,249</u>
Net assets at end of year	<u>\$ 42,561</u>	<u>\$ 10,604</u>	<u>\$ 53,165</u>	<u>\$ 75,435</u>

See accompanying independent auditors' report and notes to financial statements

STATEMENTS OF FUNCTIONAL EXPENSES

ASSOCIATION FOR A MORE JUST SOCIETY · U.S.

July 31, 2012

	Honduras- General	Property Rights	Gideon	Peace & Justice	Fellows	Other	Total Program	Management & General	Fundraising	Total
Grants/project expenses	\$ 223,286	\$ 81,235	\$ 6,839	\$ 11,462	\$ 58,383	\$ 22,834	\$ 404,039	\$.	\$.	\$ 404,039
Bank fees	.	.	.	.	.	.	.	1,923	.	1,923
Board meeting expenses	.	.	.	.	.	.	.	5,867	5,866	11,733
Conferences	2,402	.	.	.	.	.	2,402	2,401	2,401	7,204
Depreciation	3,979	.	.	.	.	.	3,979	.	-	3,979
Donor database	.	.	.	.	.	.	.	-	3,097	3,097
Dues	.	.	.	.	.	.	.	159	.	159
Electronic giving	.	.	.	.	.	.	.	.	7,593	7,593
Occupancy	1,001	.	.	.	.	.	1,001	1,000	1,001	3,002
Postage	1,222	.	.	.	.	.	1,222	1,222	1,222	3,666
Printing	1,494	.	.	.	.	.	1,494	1,493	2,988	5,975
Professional fees	3,738	.	.	.	.	.	3,738	1,869	1,868	7,475
Supplies	.	.	.	.	.	.	.	4,105	.	4,105
Travel	1,236	.	.	.	.	.	1,236	1,236	1,236	3,708
Total expenses	\$ 238,358	\$ 81,235	\$ 6,839	\$ 11,462	\$ 58,383	\$ 22,834	\$ 419,111	\$ 21,275	\$ 27,272	\$ 467,658

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.

July 31, 2011

	Honduras- General	Property Rights	Gideon	Peace & Justice	Fellows	Other	Total Program	Management & General	Fundraising	Total
Grants/project expenses	\$ 176,496	\$ 2,430	\$ 11,957	\$ 22,309	\$ 49,799	\$ 14,196	\$ 277,187	\$ -	\$ -	\$ 277,187
Bank fees	-	-	-	-	-	-	-	1,498	-	1,498
Board meeting expenses	-	-	-	-	-	-	-	3,015	3,016	6,031
Conferences	1,812	-	-	-	-	-	1,812	1,812	1,812	5,436
Depreciation	3,979	-	-	-	-	-	3,979	-	-	3,979
Donor database	-	-	-	-	-	-	-	-	752	752
Dues	-	-	-	-	-	-	-	83	-	83
Electronic giving	-	-	-	-	-	-	-	-	5,224	5,224
Occupancy	842	-	-	-	-	-	842	842	843	2,527
Postage	831	-	-	-	-	-	831	831	1,660	3,322
Printing	1,245	-	-	-	-	-	1,245	1,246	2,491	4,982
Professional fees	3,591	-	-	-	-	-	3,591	1,795	1,795	7,181
Promotions	-	-	-	-	-	-	-	-	3,030	3,030
Supplies	-	-	-	-	-	-	-	3,001	-	3,001
Travel	1,124	-	-	-	-	-	1,124	1,125	1,124	3,373
Total expenses	\$ 189,920	\$ 2,430	\$ 11,957	\$ 22,309	\$ 49,799	\$ 14,196	\$ 290,611	\$ 15,248	\$ 21,747	\$ 327,606

STATEMENTS OF CASH FLOWS

ASSOCIATION FOR A MORE JUST SOCIETY - US

Years ended July 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (22,270)	\$ 13,186
Depreciation	3,979	3,979
Adjustment to reconcile the increase (decrease) in net assets to net cash provided (used) by operating activities (Increase) decrease in:		
Unconditional promises to give	(151)	(1,334)
Grants receivable		-
Prepaid expenses	456	(3,158)
Increase (decrease) in		
Accounts payable	4,517	180
Grants payable	4,910	(87,450)
Net cash provided (used) by operating activities	(8,559)	(74,597)
Cash flows from investing activities:		
Property		
Net cash provided (used) by investing activities		
Cash flows from financing activities:		
Net cash provided (used) by financing activities		-
Net increase (decrease) in cash and cash equivalents	(8,559)	(74,597)
Cash and cash equivalents at beginning of year	<u>52,692</u>	<u>127,289</u>
Cash and cash equivalents at end of year	<u>\$ 44,133</u>	<u>\$ 52,692</u>

See accompanying independent auditors' report and notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2012

NOTE A - THE ORGANIZATION

The Association for a More Just Society - U.S. ("the Association"), an Illinois not-for-profit corporation, was incorporated on June 23, 2000. The Association is a Christian organization working to achieve social justice for the poorest and most vulnerable members of Honduran society by targeting macro level issues of injustice.

The objectives of the Association include promoting the interest of the most poor in legislative projects, defending the rights of the most vulnerable in judicial processes, increasing the awareness and democratic participation of churches to practice the Biblical teachings on justice, and publishing journalistic investigations on issues that affect the poor of Honduras. Current programs focus on government transparency, land rights, labor rights, and access for the poor to legal and psychological services.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

Revenues are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows.

Unrestricted Net Assets - The portion of net assets that is neither temporarily nor permanently restricted by donor-imposed stipulations.

Temporarily Restricted Net Assets - The portion of net assets whose use by the Association is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Association.

Permanently Restricted Net Assets - The portion of net assets subject to donor-imposed stipulations that they be maintained permanently by the Association. Generally, donors of these assets permit the Association to use part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets at July 31, 2012.

See accompanying independent auditors' report

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Support and Expenses

Contributions received and unconditional promises to give are recognized as revenue in the period the contributions or the unconditional promise is received. Unconditional promises to give are stated net of an allowance for estimated uncollectible promises based on historical experience and other factors. The Organization reports gifts of cash or other assets as restricted support if the contribution is received with donor restrictions that limit the use of the donated assets or if they are designed as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction or event occurs, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at their fair values at the date of the gift.

Concentration of Credit Risk

The Association's cash and cash equivalent consist of amounts placed in one financial institution. While the account balance at times may exceed the amount guaranteed by the Federal Deposit Insurance Corporation (FDIC), the Association has not experienced, nor does it anticipate any loss of funds. As of July 31, 2012 and 2011, the Association did not have any uninsured balances.

Income Taxes

The Association has received exemption from taxes under Section 501(c)(3) of the Internal Revenue Code in a letter dated November 22, 2005

The Association has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Statements of Cash Flows

For purposes of the statements of cash flows, demand deposits and money market funds with a maturity of three months or less are considered to be cash equivalents.

See accompanying independent auditors' report

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2012

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Property and Equipment

Property and equipment are recorded at cost for financial reporting purposes and are depreciated under the straight-line method over their estimated economic useful lives. Significant additions and betterments are capitalized. Expenditures for maintenance, repairs and minor renewals are charged to operations as incurred. Equipment is depreciated over periods of 5 to 10 years.

Donated fixed assets are recorded as support at their estimated fair value at the time of donation. Unless specifically restricted by donor intent they are reported as unrestricted net assets.

Donated Services

The value of certain donated volunteer services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a substantial number of volunteers, including board members, have donated amounts of their time to the Association's operations.

Subsequent Events

Subsequent events were evaluated through October 1, 2012, the issuance date of the financial statements. There were no items that required additional disclosures.

NOTE C - LEASES

The organization is currently leasing office space from a local church under a short-term operating lease. No future lease obligations exist at year end. Rent expense for the year ended July 31, 2012 and 2011 was \$1,380 and \$1,265, respectively

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2012

NOTE D - PROGRAM EXPENSES

Program expenses consist of the following:

Honduras General Support: General support provided to Asociacion Para Una Sociedad Mas Justa, the Association's sister organization based in Tegucigalpa, Honduras.

Gideon Project: The Association is working with local churches in marginalized, urban neighborhoods to run legal aid and mental health clinics in order to ensure that residents have access to needed professional services and that their rights are protected.

Land Titling: The Association is working with local community leaders to resolve land ownership issues afflicting poor communities.

Forestry Law: The Association along with other groups is working to protect the interest of the rural poor who depend on the forest and to enforce environmentally sustainable practices. Lack of adequate regulations in Honduras has encouraged widespread deforestation and environmental degradation.

Fellows: U.S. citizens or residents working on location in Honduras. Fellows expenses include amounts raised to support their living expenses.

Other Program Expenses. Consist of several projects that include assisting the poor with labor land and property rights as well as to promote peace and justice.

NOTE E - TEMPORARILY RESTRICTED NET ASSETS

Contributions that are restricted by a grantor agency or a donor are reported as an increase in unrestricted net assets if the restriction expires, or the conditions are met in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. As of July 31, 2012 and 2011, temporarily restricted net assets are as follows:

	<u>2012</u>	<u>2011</u>
Electronic Book Development	\$ 2,241	\$ 5,440
Educational Aid	<u>8,363</u>	<u>8,849</u>
Total	<u>\$ 10,604</u>	<u>\$ 14,289</u>

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2012

NOTE F - RELATED PARTY TRANSACTIONS

A significant portion of the operations of the Association is dedicated exclusively to raising funds and awareness for Asociacion Para Una Sociedad Mas Justa, the Association's affiliate based in Tegucigalpa, Honduras.

NOTE G - CONCENTRATIONS

The Association receives large grants from a few donors. During 2012 and 2011, two grantors accounted for 24% and 14% respectively of the Associations total receipts.

See accompanying independent auditors' report