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# Association for a More Just Society - U.S.

Audited Financial Statements

Years Ended July 31, 2015 and 2014

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McKeown  
Kraai and  
Phillips, PLC

Certified Public  
Accountants

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
Association for a More Just Society - U.S.  
Grand Rapids, MI

We have audited the accompanying financial statements of the Association for a More Just Society - U.S. (a nonprofit organization), which comprise of the statements of financial position as of July 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and the 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' 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. 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 judgement, 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 Association For A More Just Society - U.S. as of July 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Independent Auditors' Report Continued*

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statements of functional expenses on page 5 and 6 are presented for purposes of additional analysis and are 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 statements 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.

A handwritten signature in blue ink that reads "McKeown, Kraai + Phillips". The signature is written in a cursive, flowing style.

McKeown, Kraai and Phillips, PLC  
Certified Public Accountants

December 10, 2015

**STATEMENTS OF FINANCIAL POSITION****ASSOCIATION FOR A MORE JUST SOCIETY - US**

July 31, 2015 and 2014

<b>ASSETS</b>	Unrestricted	Temporarily Restricted	2015	2014
Cash and cash equivalents	\$ 165,660	\$ 58,606	\$ 224,266	\$ 102,206
Note receivable	9,839	-	9,839	-
Unconditional promises to give	-	-	-	14,997
Prepaid grant	60,000	-	60,000	-
Prepaid expense	<u>3,875</u>	<u>-</u>	<u>3,875</u>	<u>2,883</u>
Total current assets	239,374	58,606	297,980	120,086
Equipment, net of depreciation	<u>5,764</u>	<u>-</u>	<u>5,764</u>	<u>8,183</u>
Total assets	<u>\$ 245,138</u>	<u>\$ 58,606</u>	<u>\$ 303,744</u>	<u>\$ 128,269</u>
<b>LIABILITIES AND NET ASSETS</b>				
Liabilities:				
Accounts payable	<u>\$ 1,957</u>	<u>\$ -</u>	<u>\$ 1,957</u>	<u>\$ 1,285</u>
Total liabilities	1,957	-	1,957	1,285
Net Assets:				
Unrestricted	243,181	-	243,181	120,970
Temporarily restricted	<u>-</u>	<u>58,606</u>	<u>58,606</u>	<u>6,014</u>
Total net assets	<u>243,181</u>	<u>58,606</u>	<u>301,787</u>	<u>126,984</u>
Total liabilities and net assets	<u>\$ 245,138</u>	<u>\$ 58,606</u>	<u>\$ 303,744</u>	<u>\$ 128,269</u>

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

***STATEMENTS OF ACTIVITIES***

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**ASSOCIATION FOR A MORE JUST SOCIETY - US**

Year ended July 31, 2015 and 2014

	Unrestricted	Temporarily Restricted	2015	2014
Support and Revenues:				
Grants and contributions	\$ 648,399	\$ 139,261	\$ 787,660	\$ 533,304
Other income	2,242	1	2,243	2,098
Net assets released from restrictions	86,670	(86,670)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total support and revenues	737,311	52,592	789,903	535,402
Expenses:				
Program services	494,513	-	494,513	455,766
Management and general	49,850	-	49,850	35,085
Fundraising	70,737	-	70,737	60,317
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	615,100	-	615,100	551,168
Increase (decrease) in net assets	122,211	52,592	174,803	(15,766)
Net Assets:				
Beginning of year	120,970	6,014	126,984	142,750
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets at end of year	<u>\$ 243,181</u>	<u>\$ 58,606</u>	<u>\$ 301,787</u>	<u>\$ 126,984</u>

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

***STATEMENTS OF FUNCTIONAL EXPENSES***

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

Year ended July 31, 2015

	Program	Management & General	Fundraising	Total
Grants/project expenses	\$ 362,641	\$ -	\$ -	\$ 362,641
Employee expense	56,066	23,231	30,126	109,423
Bank fees	-	965	-	965
Board meeting expenses	-	5,076	-	5,076
Conferences	1,031	-	574	1,605
Depreciation	2,419	-	-	2,419
Donor database	929	929	1,237	3,095
Dues	-	102	-	102
Electronic giving	-	-	9,768	9,768
Occupancy	-	5,384	-	5,384
Postage	1,984	-	1,984	3,968
Printing	4,809	-	4,809	9,618
Professional fees	-	11,078	-	11,078
Supplies	2,282	3,085	2,336	7,703
Travel	40,353	-	5,768	46,121
Education & fundraisers	21,999	-	14,135	36,134
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ 494,513</u>	<u>\$ 49,850</u>	<u>\$ 70,737</u>	<u>\$ 615,100</u>

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

**STATEMENTS OF FUNCTIONAL EXPENSES****ASSOCIATION FOR A MORE JUST SOCIETY - U.S.**

Year ended July 31, 2014

	Program	Management & General	Fundraising	Total
Grants/project expenses	\$ 350,892	\$ -	\$ -	\$ 350,892
Employee expense	54,441	21,571	26,707	102,719
Bank fees	-	999	-	999
Board meeting expenses	-	1,494	1,493	2,987
Conferences	311	310	310	931
Depreciation	3,979	-	-	3,979
Donor database	-	-	3,452	3,452
Dues	-	304	-	304
Electronic giving	-	-	8,117	8,117
Occupancy	1,484	1,485	1,485	4,454
Postage	743	742	742	2,227
Printing	3,359	3,359	3,360	10,078
Professional fees	4,029	2,015	2,014	8,058
Supplies	1,477	1,476	1,476	4,429
Travel	23,945	1,330	1,330	26,605
Education & fundraisers	11,106	-	9,831	20,937
Total expenses	<u>\$ 455,766</u>	<u>\$ 35,085</u>	<u>\$ 60,317</u>	<u>\$ 551,168</u>

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



**STATEMENTS OF CASH FLOWS**

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**ASSOCIATION FOR A MORE JUST SOCIETY - US**

Years ended July 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 174,803	\$ (15,766)
Adjustment to reconcile the increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	2,419	3,979
Change in operating assets and liabilities which provided (used) cash		
Note receivable	(9,839)	-
Unconditional promises to give	14,997	(12,549)
Prepaid grant and expenses	(60,992)	5,075
Accounts payable	672	10
Grants payable	-	-
	<hr/>	<hr/>
Net cash provided (used) by operating activities	122,060	(19,251)
Cash flows from investing activities:		
Net cash provided (used) by investing activities	<hr/> -	<hr/> -
Cash flows from financing activities:		
Net cash provided (used) by financing activities	<hr/> -	<hr/> -
Net increase (decrease) in cash and cash equivalents	122,060	(19,251)
Cash and cash equivalents at beginning of year	<hr/> 102,206	<hr/> 121,457
Cash and cash equivalents at end of year	<u>\$ 224,266</u>	<u>\$ 102,206</u>

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

## NOTES TO FINANCIAL STATEMENTS

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### **ASSOCIATION FOR A MORE JUST SOCIETY - US**

July 31, 2015

#### **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, 2015 and 2014.

*See accompanying independent auditors' report.*

**ASSOCIATION FOR A MORE JUST SOCIETY - US**

July 31, 2015

**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, 2015 and 2014, 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 December 2001.

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.

**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.

*See accompanying independent auditors' report.*

**ASSOCIATION FOR A MORE JUST SOCIETY - US**

July 31, 2015

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 December 10, 2015, 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 under an operating lease that expires June 30, 2017. Rent expense for the years ended July 31, 2015 and 2014, was \$3,600 and \$3,725, respectively.

The required future minimum lease payments are as follows:

Year Ended <u>July 31,</u>	<u>Amount</u>
2016	3,672
2017	<u>3,366</u>
Total	<u>\$ 7,038</u>

*See accompanying independent auditors' report.*

**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**ASSOCIATION FOR A MORE JUST SOCIETY - US**

July 31, 2015

**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.

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

**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, 2015 and 2014, temporarily restricted net assets are as follows:

	<u>2015</u>	<u>2014</u>
Electronic Book Development	\$ 2,242	\$ 2,242
Educational Aid	1,567	3,772
Capital Campaign	46,453	-
Land Rights	<u>8,344</u>	<u>-</u>
Total	<u>\$ 58,606</u>	<u>\$ 6,014</u>

**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 2015 and 2014, two grantors accounted for 25% and 22% respectively of the Associations total receipts.

*See accompanying independent auditors' report.*