
Association for a More Just Society - U.S.

Audited Financial Statements

Years Ended July 31, 2017 and 2016



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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 the statements of financial position as of July 31, 2017 and 2016, 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 fair presentation of the 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 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 evaluation 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, 2017 and 2016, 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

Report on Supplemental Information

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 prepared 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.



McKeown & Kraai, PLC
Certified Public Accountants

January 5, 2018

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

July 31, 2017 and 2016

ASSETS

	Temporarily		2017	2016
	Unrestricted	Restricted		
Cash and cash equivalents	\$ 156,614	\$ 262,454	\$ 419,068	\$ 130,446
Unconditional promises to give	33,015	1,531,925	1,564,940	30,000
Prepaid expense	4,479	-	4,479	3,821
Total current assets	194,108	1,794,379	1,988,487	164,267
Property and equipment - Net	729,269	57,245	786,514	750,101
Total assets	<u>\$ 923,377</u>	<u>\$ 1,851,624</u>	<u>\$ 2,775,001</u>	<u>\$ 914,368</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 2,188	\$ -	\$ 2,188	\$ 7,723
Payroll liabilities	3,924	-	3,924	-
Total liabilities	6,112	-	6,112	7,723

Net assets:

Unrestricted - building and land	729,269	-	729,269	729,269
Unrestricted - other	187,996	-	187,996	91,568
Temporarily restricted	-	1,851,624	1,851,624	85,808
Total net assets	917,265	1,851,624	2,768,889	906,645
Total liabilities and net assets	<u>\$ 923,377</u>	<u>\$ 1,851,624</u>	<u>\$ 2,775,001</u>	<u>\$ 914,368</u>

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

STATEMENTS OF ACTIVITIES**ASSOCIATION FOR A MORE JUST SOCIETY - US**

Years Ended July 31, 2017 and 2016

	Unrestricted	Temporarily Restricted	2017	2016
Support and revenues:				
Grants and contributions	\$ 691,054	\$ 1,925,465	\$ 2,616,519	\$ 1,363,840
Other income	2,029	273	2,302	2,458
Net assets released from restriction	<u>159,922</u>	<u>(159,922)</u>	<u>-</u>	<u>-</u>
Total support and revenues	853,005	1,765,816	2,618,821	1,366,298
Expenses:				
Operating fund program services	543,690	-	543,690	621,412
Capital campaign program services	91,248	-	91,248	-
Management and general	50,385	-	50,385	69,848
Fundraising	<u>71,254</u>	<u>-</u>	<u>71,254</u>	<u>70,180</u>
Total expenses	<u>756,577</u>	<u>-</u>	<u>756,577</u>	<u>761,440</u>
Increase (decrease) in net assets	96,428	1,765,816	1,862,244	604,858
Net assets at beginning of year	<u>820,837</u>	<u>85,808</u>	<u>906,645</u>	<u>301,787</u>
Net assets at end of year	<u>\$ 917,265</u>	<u>\$ 1,851,624</u>	<u>\$ 2,768,889</u>	<u>\$ 906,645</u>

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

STATEMENTS OF FUNCTIONAL EXPENSES**ASSOCIATION FOR A MORE JUST SOCIETY - US**

Year ended July 31, 2017

	Operating Fund Program	Capital Campaign Program	Management & General	Fundraising	Total
Grants/project expenses	\$ 403,081	\$ -	\$ -	\$ -	\$ 403,081
Employee expense	76,793	67,432	15,219	25,478	184,922
Bank fees	-	32	468	-	500
Board meeting expenses	-	-	2,377	-	2,377
Conferences	1,427	1,036	-	1,114	3,577
Depreciation	-	-	-	-	-
Donor database	1,376	-	1,376	1,835	4,587
Dues	-	-	178	-	178
Electronic giving	-	-	-	8,362	8,362
Occupancy	-	-	5,452	-	5,452
Postage	4,713	-	-	4,713	9,426
Printing	5,252	2,174	-	5,252	12,678
Professional fees	-	8,677	20,715	-	29,392
Supplies	2,269	-	4,600	2,350	9,219
Travel	32,641	8,458	-	6,270	47,369
Education & fundraisers	16,138	3,439	-	15,880	35,457
Total expenses	<u>\$ 543,690</u>	<u>\$ 91,248</u>	<u>\$ 50,385</u>	<u>\$ 71,254</u>	<u>\$ 756,577</u>

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

STATEMENTS OF FUNCTIONAL EXPENSES

ASSOCIATION FOR A MORE JUST SOCIETY - US

Year ended July 31, 2016

	<u>Program</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grants/project expenses	\$ 493,967	\$ -	\$ -	\$ 493,967
Employee expense	67,177	43,490	35,090	145,757
Bank fees	-	1,024	-	1,024
Board meeting expenses	-	2,767	-	2,767
Conferences	5,472	-	320	5,792
Depreciation	1,305	-	-	1,305
Donor database	1,193	1,193	1,592	3,978
Dues	-	499	-	499
Electronic giving	-	-	5,882	5,882
Occupancy	-	5,439	-	5,439
Postage	1,506	-	1,505	3,011
Printing	6,205	-	6,205	12,410
Professional fees	-	11,773	-	11,773
Supplies	1,162	3,663	1,236	6,061
Travel	6,408	-	4,382	10,790
Education & fundraisers	<u>37,017</u>	<u>-</u>	<u>13,968</u>	<u>50,985</u>
Total expenses	<u>\$ 621,412</u>	<u>\$ 69,848</u>	<u>\$ 70,180</u>	<u>\$ 761,440</u>

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

STATEMENTS OF CASH FLOWS

ASSOCIATION FOR A MORE JUST SOCIETY - US

Years Ended July 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 1,862,244	\$ 604,858
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	-	1,305
(Gain) loss on sale of property and equipment	4,459	-
Change in operating assets and liabilities which provided (used) cash:		
Unconditional promises to give	(1,534,940)	(30,000)
Prepaid grant and expenses	(658)	60,054
Accounts payable	(5,535)	7,723
Accrued payroll	<u>3,924</u>	<u>(1,957)</u>
Net cash provided (used) by operating activities	329,494	641,983
Cash flows from investing activities:		
Purchase of property and equipment	<u>(40,872)</u>	<u>(735,803)</u>
Net cash provided (used) by investing activities	(40,872)	(735,803)
Cash flows from financing activities:		
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	288,622	(93,820)
Cash and cash equivalents at beginning of year	<u>130,446</u>	<u>224,266</u>
Cash and cash equivalents end of year	<u>\$ 419,068</u>	<u>\$ 130,446</u>

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

NOTES TO FINANCIAL STATEMENTS

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2017 and 2016

NOTE A - THE ORGANIZATION

The Association for a More Just Society - US ("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 Association 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 stipulation that either expire by passage of time or can be fulfilled and removed by actions of the Association

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 Association reports gifts of cash or other assets as restricted support if the contribution is received with donor restrictions that limit the used 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 time of the gift.

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Association's cash and cash equivalents consist of amounts placed in one financial institution. While the accounts' balances 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, 2017 and 2016, 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 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.

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.

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2017 and 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of property and equipment at July 31, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Construction in progress	\$ 57,245	\$ 16,372
Land	729,269	729,270
Furniture and equipment	-	26,422
	<u>786,514</u>	<u>772,064</u>
Accumulated depreciation	-	(21,963)
	<u>786,514</u>	<u>750,101</u>
Total property and equipment - net	<u>\$ 786,514</u>	<u>\$ 750,101</u>

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 the date of the independent auditors' report, the issuance date of the financial statements. There were no items that required additional disclosures.

NOTE C - LEASES

The Association is currently leasing office space under an operating lease that expires June 30, 2018. Rent expense for the years ended July 31, 2017 and 2016 was \$3,666 and \$3,684, respectively.

The required future minimum lease payments are as follows:

<u>Year Ended July 31,</u>	<u>Amount</u>
2018	\$ 3,720
Total	<u>\$ 3,720</u>

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2017 and 2016

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.

Other Program Expenses: Consist of several projects that included 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, 2017 and 2016, temporarily restricted net assets are as follows:

	<u>2017</u>	<u>2016</u>
Electronic Book Development	\$ -	\$ 2,243
Educational Aid	-	172
Capital Campaign	<u>1,851,624</u>	<u>83,393</u>
Total	<u>\$ 1,851,624</u>	<u>\$ 85,808</u>

NOTE F - RELATED PARTY TRANSACTION

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 2017 and 2016 two grantors accounted for 15% and 43%, respectively, of the Association's total receipts.

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2017 and 2016

NOTE H - RECLASSIFICATION OF PRIOR YEAR PRESENTATION

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported statements of activities. This change in classification does not materially affect previously reported statements of cash flows.

See accompanying independent auditors' report.