



ASSOCIATION FOR A MORE JUST SOCIETY – U.S.

Audited Financial Statements

Years Ended July 31, 2014 and 2013



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, 2014 and 2013, 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 State 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 statement 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, 2014 and 2013, 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.

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.

McKeown, Kraai & Phillips, PLLC

McKeown, Kraai and Phillips, PLLC
Certified Public Accountants

February 4, 2015

STATEMENTS OF FINANCIAL POSITION

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2014 and 2013

ASSETS

	Unrestricted	Temporarily Restricted	2014	2013
Cash and cash equivalents	\$ 96,192	\$ 6,014	\$ 102,206	\$ 121,457
Unconditional promises to give	14,997	-	14,997	2,448
Prepaid expense	<u>2,883</u>	<u>-</u>	<u>2,883</u>	<u>7,958</u>
Total current assets	<u>114,072</u>	<u>6,014</u>	<u>120,086</u>	<u>131,863</u>
Equipment, net of depreciation	8,183	-	8,183	12,162
Total assets	<u>\$ 122,255</u>	<u>\$ 6,014</u>	<u>\$ 128,269</u>	<u>\$ 144,025</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	<u>\$ 1,285</u>	<u>\$ -</u>	<u>\$ 1,285</u>	<u>\$ 1,275</u>
Total liabilities	1,285	-	1,285	1,275

Net Assets:

Unrestricted	-	-	-	-
Temporarily restricted	<u>-</u>	<u>6,014</u>	<u>-</u>	<u>-</u>
Total net assets	<u>120,970</u>	<u>6,014</u>	<u>126,984</u>	<u>142,750</u>
Total liabilities and net assets	<u>\$ 122,255</u>	<u>\$ 6,014</u>	<u>\$ 128,269</u>	<u>\$ 144,025</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, 2014 and 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014</u>	<u>2013</u>
Support and Revenues:				
Grants and contributions	\$ 425,209	\$ 108,095	\$ 533,304	\$ 526,704
Other income	2,096	2	2,098	1,876
Net assets released from restrictions	<u>112,969</u>	<u>(112,969)</u>	<u>-</u>	<u>-</u>
 Total support and revenues	<u>540,274</u>	<u>(4,872)</u>	<u>535,402</u>	<u>528,580</u>
 Expenses:				
Program services	452,926	2,840	455,766	384,730
Management and general	35,085	-	35,085	23,798
Fundraising	<u>60,317</u>	<u>-</u>	<u>60,317</u>	<u>30,467</u>
 Total expenses	<u>548,328</u>	<u>2,840</u>	<u>551,168</u>	<u>438,995</u>
 Increase (decrease) in net assets	(8,054)	(7,712)	(15,766)	89,585
 Net Assets:				
Beginning of year	<u>129,024</u>	<u>13,726</u>	<u>142,750</u>	<u>53,165</u>
 Net assets at end of year	<u>\$ 120,970</u>	<u>\$ 6,014</u>	<u>\$ 126,984</u>	<u>\$ 142,750</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>

STATEMENTS OF FUNCTIONAL EXPENSES

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.

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Total expenses	<u>\$ 455,766</u>	<u>\$ 35,085</u>	<u>\$ 60,317</u>	<u>\$ 551,168</u>

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.

Year ended July 31, 2013

	Program	Management & General	Fundraising	Total
Grants/project expenses	\$ 290,905	\$ -	\$ -	\$ 290,905
Employee expense	48,511	5,707	2,854	57,072
Bank fees	-	1,632	-	1,632
Board meeting expenses	-	5,937	5,936	11,873
Conferences	622	622	621	1,865
Depreciation	3,980	-	-	3,980
Donor database	-	-	2,974	2,974
Dues	-	127	-	127
Electronic giving	-	-	8,309	8,309
Occupancy	1,607	1,608	1,608	4,823
Postage	921	921	920	2,762
Printing	1,901	1,901	1,902	5,704
Professional fees	3,878	1,939	1,939	7,756
Supplies	1,751	1,751	1,751	5,253
Travel	30,654	1,653	1,653	33,960
Total expenses	<u>\$ 384,730</u>	<u>\$ 23,798</u>	<u>\$ 30,467</u>	<u>\$ 438,995</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (15,766)	\$ 89,586
Adjustment to reconcile the increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	3,979	3,979
Change in operating assets and liabilities which provided (used) cash		
Unconditional promises to give	(12,549)	1,898
Prepaid expenses	5,075	(5,256)
Accounts payable	10	(3,423)
Grants payable	-	(9,460)
Net cash provided (used) by operating activities	(19,251)	77,324
Cash flows from investing activities:		
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	(19,251)	77,324
Cash and cash equivalents at beginning of year	121,457	44,133
Cash and cash equivalents at end of year	<u>\$ 102,206</u>	<u>\$ 121,457</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, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (15,766)	\$ 89,586
Adjustment to reconcile the increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	3,979	3,979
Change in operating assets and liabilities which provided (used) cash		
Unconditional promises to give	(12,549)	1,898
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Accounts payable	10	(3,423)
Grants payable	-	(9,460)
Net cash provided (used) by operating activities	(19,251)	77,324
Cash flows from investing activities:		
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	(19,251)	77,324
Cash and cash equivalents at beginning of year	121,457	44,133
Cash and cash equivalents at end of year	<u>\$ 102,206</u>	<u>\$ 121,457</u>

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

NOTES TO FINANCIAL STATEMENTS

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2014

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, 2014.

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2014

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, 2014 and 2013, 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.

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.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US
July 31, 2014

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 February 4, 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, 2015. Rent expense for the years ended July 31, 2014 and 2013, was \$3,725 and \$1,980, respectively.

The required future minimum lease payments are as follows:

<u>Year Ended</u> <u>July 31,</u>	<u>Amount</u>
2015	<u>3,725</u>
Total	<u>\$ 3,725</u>

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2014

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.

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, 2014 and 2013, temporarily restricted net assets are as follows:

	<u>2014</u>	<u>2013</u>
Electronic Book Development	\$ 2,242	\$ 2,241
Educational Aid	3,772	6,485
General Aid	-	5,000
Total	<u>\$ 6,014</u>	<u>\$ 13,726</u>

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2014

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 2014 and 2013, two grantors accounted for 22% and 19% respectively of the Associations total receipts.

See accompanying independent auditors' report.