

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

Audited Financial Statements

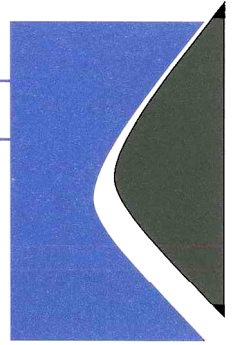
Years Ended July 31, 2013 and 2012

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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, 2013 and 2012, 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, 2013 and 2012, 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

November 1, 2013

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

July 31, 2013 and 2012

ASSETS

	Unrestricted	Temporarily Restricted	2013	2012
Cash and cash equivalents	\$ 107,731	\$ 13,726	\$ 121,457	\$ 44,133
Unconditional promises to give	2,448	-	2,448	4,345
Prepaid expense	<u>7,958</u>	<u>-</u>	<u>7,958</u>	<u>2,702</u>
Total current assets	<u>118,137</u>	<u>13,726</u>	<u>131,863</u>	<u>51,180</u>
Equipment, net of depreciation	12,162	-	12,162	16,142
Total assets	<u>\$ 130,299</u>	<u>\$ 13,726</u>	<u>\$ 144,025</u>	<u>\$ 67,322</u>

LIABILITIES AND NET ASSETS

Liabilities:

Grants payable	\$ -	\$ -	\$ -	\$ 9,460
Accounts payable	<u>1,275</u>	<u>-</u>	<u>1,275</u>	<u>4,698</u>
Total liabilities	1,275	-	1,275	14,158

Net Assets:

Unrestricted	129,024	-	129,024	42,560
Temporarily restricted	<u>-</u>	<u>13,726</u>	<u>13,726</u>	<u>10,604</u>
Total net assets	<u>129,024</u>	<u>13,726</u>	<u>142,750</u>	<u>53,164</u>
Total liabilities and net assets	<u>\$ 130,299</u>	<u>\$ 13,726</u>	<u>\$ 144,025</u>	<u>\$ 67,322</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, 2013 and 2012

	Unrestricted	Temporarily Restricted	2013	2012
Support and Revenues:				
Grants and contributions	\$ 401,000	\$ 125,704	\$ 526,704	\$ 443,573
In-kind contributions		-		450
Other income	1,874	2	1,876	1,365
Net assets released from restrictions	120,664	(120,664)		
Total support and revenues	523,538	5,042	528,580	445,388
Expenses:				
Program services	382,809	1,921	384,730	419,111
Management and general	23,798		23,798	21,275
Fundraising	30,467		30,467	27,272
Total expenses	437,074	1,921	438,995	467,658
Increase (decrease) in net assets	86,464	3,122	89,585	(22,270)
Net Assets:				
Beginning of year	42,561	10,604	53,165	75,435
Net assets at end of year	\$ 129,025	\$ 13,726	\$ 142,750	\$ 53,165

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, 2013

	Honduras- General	Property Rights	Gideon	Peace & Justice	Other	Total Program	Management & General	Fundraising	Total
Grants/project expenses	\$ 191,942	\$ 81,560	\$ 171	\$ 14,424	\$ 2,808	\$ 290,905	\$	\$	\$ 290,905
Employee expense	48,511	-	-	-	-	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	622	621	1,865
Depreciation	3,980	-	-	-	-	3,980	-	-	3,980
Donor database	-	-	-	-	-	-	-	2,974	2,974
Dues	-	-	-	-	-	-	127	-	127
Electronic giving	-	-	-	-	-	-	-	8,309	8,309
Occupancy	1,607	-	-	-	-	1,607	1,608	1,608	4,823
Postage	921	-	-	-	-	921	921	920	2,762
Printing	1,901	-	-	-	-	1,901	1,901	1,902	5,704
Professional fees	3,878	-	-	-	-	3,878	1,939	1,939	7,756
Supplies	1,751	-	-	-	-	1,751	1,751	1,751	5,253
Travel	30,654	-	-	-	-	30,654	1,653	1,653	33,960
Total expenses	\$ 285,767	\$ 81,560	\$ 171	\$ 14,424	\$ 2,808	\$ 384,730	\$ 23,798	\$ 30,467	\$ 438,995

STATEMENTS OF FUNCTIONAL EXPENSES

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.

Year ended July 31, 2012

	Honduras- General	Property Rights	Gideon	Peace & Justice	Other	Total Program	Management & General	Fundraising	Total
Grants/project expenses	\$ 169,769	\$ 81,235	\$ 6,839	\$ 19,574	\$ 14,722	\$ 292,139	\$ -	\$ -	\$ 292,139
Employee expense	49,626					49,626	5,838	2,919	58,383
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	1,369	-	-	-	-	1,369	1,368	1,368	4,105
Travel	54,753	-	-	-	-	54,753	1,236	1,236	57,225
Total expenses	\$ 289,353	\$ 81,235	\$ 6,839	\$ 19,574	\$ 14,722	\$ 411,723	\$ 24,376	\$ 31,559	\$ 467,658

STATEMENTS OF CASH FLOWS**ASSOCIATION FOR A MORE JUST SOCIETY - US**

Years ended July 31, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 89,586	\$ (22,270)
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	1,898	(151)
Prepaid expenses	(5,256)	456
Accounts payable	(3,423)	4,517
Grants payable	(9,460)	4,910
Net cash provided (used) by operating activities	77,324	(8,559)
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	77,324	(8,559)
Cash and cash equivalents at beginning of year	44,133	52,692
Cash and cash equivalents at end of year	<u>\$ 121,457</u>	<u>\$ 44,133</u>

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

NOTES TO FINANCIAL STATEMENTS

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2013

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, 2013

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2013

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, 2013 and 2012, 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, 2013

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 November 1, 2013, 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, 2013 and 2012 was \$1,980 and \$1,380, respectively

The required future minimum lease payments are as follows:

<u>Year Ended</u> <u>July 31,</u>	<u>Amount</u>
2014	\$ 1,980
2015	<u>1,815</u>
Total	<u>\$ 3,795</u>

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US

July 31, 2013

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, 2013 and 2012, temporarily restricted net assets are as follows:

	<u>2013</u>	<u>2012</u>
Electronic Book Development	\$ 2,241	\$ 2,241
Educational Aid	6,485	8,363
General Aid	<u>5,000</u>	
Total	<u>\$ 13,726</u>	<u>\$ 10,604</u>

See accompanying independent auditors' report.

NOTES TO FINANCIAL STATEMENTS (Continued)

ASSOCIATION FOR A MORE JUST SOCIETY - US
July 31, 2013

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 2013 and 2012, two grantors accounted for 19% and 24% respectively of the Associations total receipts.

See accompanying independent auditors' report.