

**ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
dba ASJ-US**

FINANCIAL STATEMENTS

YEARS ENDED JULY 31, 2023 AND 2022

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	3-5
Financial Statements:	
Statements of Financial Position	6
Statement of Activities:	
- Year Ended July 31, 2023	7
- Year Ended July 31, 2022	8
Statement of Functional Expenses:	
- Year Ended July 31, 2023	9
- Year Ended July 31, 2022	10
Statements of Cash Flows	11
Notes to Financial Statements	12-25

MONROE, SWEERIS & TROMP P.L.C.

Certified Public Accountants and Consultants

December 6, 2023

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Association for a More Just Society – U.S. (a nonprofit organization), which comprise the statements of financial position as of July 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Association for a More Just Society – U.S. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Association for a More Just Society – U.S.' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association for a More Just Society – U.S.' internal control. Accordingly, no such opinion is expressed.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Association for a More Just Society – U.S.' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Monroe, Sweetis + Tromp

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	July 31,	
	2023	2022
CURRENT ASSETS:		
Cash (Note 12)	\$ 509,119	\$ 340,901
Investments (Note 5)	250,559	50,977
Unconditional promises to give (Note 6)	189,695	158,334
Miscellaneous receivables	-	17,847
Prepaid expenses	8,488	5,479
TOTAL CURRENT ASSETS	957,861	573,538
PROPERTY AND EQUIPMENT (NOTE 7)	4,485,773	4,593,072
OTHER ASSETS:		
Restricted deposits (Note 12)	54,349	54,349
Unconditional promises to give (Note 6)	12,314	167,989
TOTAL OTHER ASSETS	66,663	222,338
	<u>\$ 5,510,297</u>	<u>\$ 5,388,948</u>

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	July 31,	
	2023	2022
CURRENT LIABILITIES:		
Accounts payable	\$ 4,825	\$ 2,068
Accrued expenses	32,368	27,151
Grants payable (Note 9)	248,334	211,417
Deferred rent and event revenue	92,229	62,722
Current maturities of long-term debt (Note 8)	256,796	244,348
TOTAL CURRENT LIABILITIES	634,552	547,706
LONG-TERM LIABILITIES:		
Tenant's security deposit (Note 12)	30,000	30,000
Long-term debt - net of current maturities (Note 8)	676,609	933,405
TOTAL LONG-TERM LIABILITIES	706,609	963,405
TOTAL LIABILITIES	1,341,161	1,511,111
COMMITMENTS (NOTE 10)		
NET ASSETS (NOTE 11):		
Without donor restrictions:		
Undesignated	3,715,140	3,497,693
Designated fund	250,559	50,977
With donor restrictions	203,437	329,167
TOTAL NET ASSETS	4,169,136	3,877,837
	\$ 5,510,297	\$ 5,388,948

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 2,229,487	\$ 32,603	\$ 2,262,090
Rental income (Note 3)	360,000	-	360,000
Other income	18,273	-	18,273
	<u>2,607,760</u>	<u>32,603</u>	<u>2,640,363</u>
Net assets released from restrictions	<u>158,333</u>	<u>(158,333)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,766,093</u>	<u>(125,730)</u>	<u>2,640,363</u>
EXPENSES:			
Program services	<u>1,991,218</u>	<u>-</u>	<u>1,991,218</u>
Supporting activities:			
Management and general	114,165	-	114,165
Fundraising	<u>243,681</u>	<u>-</u>	<u>243,681</u>
Total supporting activities	<u>357,846</u>	<u>-</u>	<u>357,846</u>
TOTAL EXPENSES	<u>2,349,064</u>	<u>-</u>	<u>2,349,064</u>
CHANGE IN NET ASSETS	417,029	(125,730)	291,299
NET ASSETS, beginning of year	<u>3,548,670</u>	<u>329,167</u>	<u>3,877,837</u>
NET ASSETS, end of year	<u>\$ 3,965,699</u>	<u>\$ 203,437</u>	<u>\$ 4,169,136</u>

See accompanying notes to financial statements.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
STATEMENT OF ACTIVITIES
YEAR ENDED JULY 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 2,064,432	\$ 216,667	\$ 2,281,099
Rental income (Note 3)	360,000	-	360,000
Other income	4,792	-	4,792
	<u>2,429,224</u>	<u>216,667</u>	<u>2,645,891</u>
Net assets released from restrictions	<u>65,000</u>	<u>(65,000)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,494,224</u>	<u>151,667</u>	<u>2,645,891</u>
EXPENSES:			
Program services	<u>2,137,885</u>	<u>-</u>	<u>2,137,885</u>
Supporting activities:			
Management and general	82,052	-	82,052
Fundraising	<u>227,125</u>	<u>-</u>	<u>227,125</u>
Total supporting activities	<u>309,177</u>	<u>-</u>	<u>309,177</u>
TOTAL EXPENSES	<u>2,447,062</u>	<u>-</u>	<u>2,447,062</u>
CHANGE IN NET ASSETS	47,162	151,667	198,829
NET ASSETS, beginning of year	<u>3,501,508</u>	<u>177,500</u>	<u>3,679,008</u>
NET ASSETS, end of year	<u>\$ 3,548,670</u>	<u>\$ 329,167</u>	<u>\$ 3,877,837</u>

See accompanying notes to financial statements.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2023

		Supporting Services		
	Program	Management		
	Services	and	Fundraising	Total
		General		
EXPENSES:				
Grants and project expenses	\$ 1,397,012	\$ -	\$ -	\$ 1,397,012
Salaries and wages	256,033	58,190	141,315	455,538
Depreciation	107,299	-	-	107,299
Professional fees	35,952	25,120	10,193	71,265
Employee benefits	34,215	6,275	17,855	58,345
Interest expense	53,577	-	-	53,577
Education and events	10,017	-	31,707	41,724
Payroll taxes	18,512	2,972	12,264	33,748
Office expenses	15,792	2,896	12,180	30,868
Insurance	9,104	1,879	5,074	16,057
Property taxes	15,056	-	-	15,056
Justice promotion	13,371	23	1,397	14,791
Board meetings	1,234	10,458	522	12,214
Electronic giving fees	6,346	1,309	3,537	11,192
Travel	5,255	1,084	2,929	9,268
Donor database	4,849	1,001	2,702	8,552
Conferences and meetings	5,485	-	830	6,315
Occupancy	2,109	435	1,176	3,720
Bank fees	-	2,523	-	2,523
TOTAL EXPENSES	\$ 1,991,218	\$ 114,165	\$ 243,681	\$ 2,349,064

See accompanying notes to financial statements.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JULY 31, 2022

		Supporting Services		
	Program	Management		
	Services	and	Fundraising	Total
		General		
EXPENSES:				
Grants and project expenses	\$ 1,582,110	\$ -	\$ -	\$ 1,582,110
Salaries and wages	223,922	39,933	151,783	415,638
Depreciation	107,298	-	-	107,298
Professional fees	19,601	22,771	5,982	48,354
Employee benefits	24,189	4,899	13,707	42,795
Interest expense	68,381	-	-	68,381
Education and events	5,179	-	11,229	16,408
Payroll taxes	19,274	2,728	10,992	32,994
Office expenses	28,269	3,145	12,066	43,480
Insurance	17,027	333	890	18,250
Property taxes	1,273	-	-	1,273
Justice promotion	12,197	-	940	13,137
Board meetings	8,903	1,837	8,226	18,966
Electronic giving fees	4,419	912	4,004	9,335
Travel	5,802	1,158	3,149	10,109
Donor database	3,945	814	2,199	6,958
Conferences and meetings	3,904	205	724	4,833
Occupancy	2,109	435	1,176	3,720
Bank fees	-	2,857	-	2,857
Dues	83	25	58	166
TOTAL EXPENSES	\$ 2,137,885	\$ 82,052	\$ 227,125	\$ 2,447,062

See accompanying notes to financial statements.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
STATEMENTS OF CASH FLOWS

	Year Ended July 31,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 291,299	\$ 198,829
Adjustment to reconcile changes in net assets to net cash provided by operating activities:		
Noncash reconciling items:		
Depreciation expense	107,299	107,298
Loss on investments	1,086	103
Changes in operating assets and liabilities:		
Unconditional promises to give	124,314	(150,350)
Miscellaneous receivables	17,847	(17,847)
Prepaid expenses	(3,009)	(1,576)
Accounts payable	2,757	(12,134)
Accrued expenses	5,217	4,705
Grants payable	36,917	66,667
Deferred event revenue	29,507	2,722
Net cash provided by operating activities	613,234	198,417
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from distribution of investments - legacy fund	2,131	-
Purchase of investments and dividends reinvested	(202,799)	(51,080)
Net cash used in investing activities	(200,668)	(51,080)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on long-term debt	(244,348)	(404,934)
Net cash used in financing activities	(244,348)	(404,934)
CHANGE IN CASH AND RESTRICTED DEPOSITS	168,218	(257,597)
CASH AND RESTRICTED DEPOSITS, beginning of year	395,250	652,847
CASH AND RESTRICTED DEPOSITS, end of year	\$ 563,468	\$ 395,250

Supplemental disclosure of cash flow information (Note 12).

See accompanying notes to financial statements.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - THE ORGANIZATION

Association for a More Just Society - U.S. (dba ASJ-US) (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 Association is primarily supported by contributions from the general public.

The objectives of the Association include promoting the interest of the poorest 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 promoting peace, justice, and the transformation of society and government in Honduras. A significant portion of the operations of the Association is dedicated to supporting our partner organization the Asociación Para Una Sociedad Más Justa (ASJ-Honduras), based in Tegucigalpa, Honduras.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

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

Basis of Presentation

The Association reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Foreign Currency

Substantially all transactions occurring at the Association's foreign activities are translated at exchange rates in effect when purchased and incurred. Substantially all foreign transactions are paid on demand causing no foreign currency translation gains and losses upon payment of liabilities and purchased assets.

Note 2 continued on next page.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Support and Revenue

The Association recognizes contributions when cash, securities or other assets; unconditional promises to give; or a notice of beneficial interest is received. Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or the nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. Contributions of cash restricted to the purchase or construction of property and equipment are reported as net assets with donor restrictions and are considered to expire when the assets are placed in service. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recognized as both contribution revenue and either program expense or property and equipment at their fair values at the time of the gift.

Rental income from operating leases is recognized on a straight-line basis over the lease term.

Contributions Receivable

The Association has received unconditional promises to give arising from pledges from individual donors which are recorded as contributions receivable in the statements of financial position. Unconditional promises to give are recognized as revenues or gains in the period received and as either assets or decreases of liabilities or expenses depending on the form of the benefits received. Unconditional promises to give are initially recorded at fair value and are stated net of an allowance for estimated uncollectible promises based on historical experience and other factors. Conditional promise to give (that is, those with a measurable performance or other barrier and a right of return) are not recognized until the conditions on which they depend are met. Promises to give at year end are deemed to be implicitly restricted for a subsequent period.

Note 2 continued on next page.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions Receivable (continued)

The amount of the receivable is based on an estimate of future cash flows and due to unknown factors affecting individual donors and grantors, it is possible that the estimated future cash flows of the contribution receivable could increase or decrease by a significant amount in the near term.

Management has evaluated contributions receivable for collectability and no allowance for uncollectible amounts was established as management deems them to be fully collectible.

Investments

Investments are stated at fair market value. The method used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments would result in a different fair value measurement at the reporting date.

The Association's investment funds are held in a Member Asset Management Fund (Fund) at the Barnabas Foundation. The Fund has several sub-funds which are simple pooled accounts for investment purposes. The fair value of pooled funds have been estimated using the net asset value per share (NAV) as reported by management of the common trust fund. Accounting standards provide for the use of NAV as a practical expedient for estimating fair value.

Income and Sales Tax

The Association is exempt from federal income taxes as a non-profit organization under Internal Revenue Code Section 501(c)(3) and applicable state law. In addition, the Association qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under section 509(a)(2). Management believes that the Association does not have any uncertain tax positions that would be material to the financial statements.

Note 2 continued on next page.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income and Sales Tax (continued)

The Association is obligated to pay 15% sales tax in Honduras on all rental income collected from non-exempt Honduran entities. This amount is collected from the lessee concurrently with the payment of rent. Whenever the Association pays this same sales tax to other vendors in Honduras for separate services, they may reduce their obligation to the Honduran government by an equal amount. The net amount is paid by the Association to the Honduran government before the 15th of the month following the one in which rent is collected.

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. While management believes it has consistently applied its best judgement in those areas requiring estimates, actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost, if purchased, or fair value at time acquired, if donated, and once placed in service 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.

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.

Advertising Costs

The Association expenses advertising costs as they are incurred.

Note 2 continued on next page.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Methods Used for Allocation of Expenses Among Program and Supporting Services

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include office expenses and occupancy, which are allocated on the basis of usage, as well as salaries and benefits, which are allocated on the basis of estimates of time and effort.

Subsequent Events

For the year ended July 31, 2023, the Association has evaluated subsequent events for potential recognition and disclosure through December 6, 2023, the date the financial statements were available to be issued.

NOTE 3 - RENTAL INCOME

The Association leases a building to a partner organization in Honduras under a noncancelable operating lease with a term of eight years and requiring quarterly payments of \$90,000 through December 31, 2027. The following is a schedule by years of future minimum rentals under the leases at July 31, 2023:

Year ending July 31:

2024	\$ 360,000
2025	360,000
2026	360,000
2027	360,000
2028	90,000

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 4 - RISK CONCENTRATION

Cash

In the normal course of business, the Association may have on deposit with a single institution in excess of FDIC insured limits. While cash 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. There was \$218,280 and \$132,572 exceeding federal insurance limits at July 31, 2023 and 2022, respectively. Additionally, the Association has cash accounts in Honduras that are covered by Honduras deposit insurance (FOSEDE).

Foreign Operations

A significant portion of the operations of the Association is dedicated exclusively to raising funds and awareness for Asociación Para Una Sociedad Mas Justa, based in Tegucigalpa, Honduras. A significant amount of the Association's activities are located in Honduras. It is reasonably possible that operations could be disrupted at any time.

NOTE 5 - INVESTMENTS

Investments consist of the following:

	July 31,	
	2023	2022
Barnabas Foundation Member Asset Management Fund:		
Cash Equivalent Fund	\$ 773	\$ 40,577
Barnabas Endowment Fund	8,765	10,400
Barnabas Income Fund	241,021	-
	<u>\$ 250,559</u>	<u>\$ 50,977</u>

The Association receives units or shares in the pool and may withdraw or purchase additional shares at net asset value. Investments in the Fund can be withdrawn at the beginning of each month and income earned on each sub-fund is allocated pro rata among participants on a monthly basis. For purposes of entry to and exit from each sub-fund, unrealized gains and losses are taken into account to adjust the assets to market value. Fees paid to outside investment managers and consultants, and transaction costs are charged against income of each sub-fund. Amounts charged by Barnabas Foundation are assessed to each individual account within the Fund to reimburse Barnabas Foundation for its asset management and administrative expenses.

Note 5 continued on next page

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 5 - INVESTMENTS (CONTINUED)

Investment income is included in other income and is comprised of:

	Year Ended July 31,	
	2023	2022
Ordinary income	\$ 2,819	\$ 30
Realized loss	(5,100)	(11)
Unrealized gain (loss)	4,014	(92)
	<u>\$ 1,733</u>	<u>\$ (73)</u>

Investments that are measured at fair value using NAV per share as a practical expedient are as follows:

	Fair Value July 31,	
	2023	2022
Cash Equivalent Fund	\$ 773	\$ 40,577
Barnabas Endowment Fund	8,765	10,400
Barnabas Income Fund	241,021	-

The Association had no unfunded commitments at July 31, 2023 and 2022. Investments can be redeemed from Barnabas Foundation Common Trust Fund at the beginning of each month. There are generally no other redemption restrictions associated with the fund. The investment strategy for each fund is as follows:

Cash Equivalent Fund – Invests in money market and similar liquid investments. The objective of the fund is to provide income on cash reserves while preserving capital.

Barnabas Endowment Fund – Invests in a diversified set of asset classes including international and U.S. equities, emerging market equity securities, private debt and equity securities, U.S Treasury Inflation-Protected Securities (TIPS), diversified fixed income, private investment and core bonds. The fund can invest up to 18% in illiquid investments. The investment objective is to generate a long-term rate of return consistent with a traditional endowment spending policy plus inflation. The fund is utilized for accounts that are perpetual in nature and anticipate expending all funds beyond twenty years.

Barnabas Income Fund – Invests in a diversified set of asset classes, with an emphasis on fixed income and credit securities, which comprises more than 80% of the fund. The fund can invest up to 4% in illiquid investments. The fund is intended for investments which will be expended within three to five years.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE

The Association has received pledges for general operating support and special projects. Contributions receivable are recorded net of a present value discount factor of 0.3% and are expected to be fully collectible. The amount of the receivable is based on an estimate of future cash flows and due to unknown factors affecting individual donors, it is possible that the estimated future cash flows of contributions receivable could increase or decrease by a significant amount in the near term. Management believes that the asset value reflected in the statements of financial position approximates the fair value of these receivables at year end.

Pledges are presented in the statement of position with the following restrictions at their net present value:

	July 31,	
	2023	2022
Honduras leadership support	\$ 61,719	\$ 111,272
General operating support	107,155	148,881
Honduras grants and projects	33,135	66,170
	<u>\$ 202,009</u>	<u>\$ 326,323</u>

Pledges receivable are expected to be collected as follows:

	July 31,	
	2023	2022
Amounts due in:		
One year or less	\$ 190,937	\$ 158,334
Two to five years	12,500	170,833
	203,437	329,167
Less present value discount	(1,428)	(2,844)
Net present value of contributions receivable	<u>\$ 202,009</u>	<u>\$ 326,323</u>

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 7 - PROPERTY AND EQUIPMENT

Association for a More Just Society - US constructed a new office in Tegucigalpa which is the primary office space for the growing staff of our partner organization the Asociación para una Sociedad Más Justa. More than an office, this building is a home for those who seek justice and those who are working to achieve it – it is a space where leaders in government, civil society, and social movements can convene around the big ideas that will transform Honduras. This building is a safe and permanent space, a visible commitment to this place and to this work.

Property and equipment is located in Tegucigalpa, Honduras and consists of the following:

	July 31,	
	2023	2022
Land	\$ 720,020	\$ 720,020
Building	4,114,037	4,114,037
Equipment	36,202	36,202
	4,870,259	4,870,259
Less accumulated depreciation	(384,486)	(277,187)
Net property and equipment	<u>\$4,485,773</u>	<u>\$4,593,072</u>

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 8 - NOTES PAYABLE

The Association has notes payable for the purpose of generating additional capital to fund the building in Honduras. Notes payable consist of:

	<u>July 31,</u>	
	<u>2023</u>	<u>2022</u>
Unsecured note payable (nonrecourse term loan) to seven individuals requiring quarterly payments beginning October 2019, bearing interest at 5% and maturing April 2026.	\$ 475,656	\$ 619,091
Unsecured note payable (nonrecourse term loan) to an individual requiring quarterly payments beginning October 2020, bearing interest at 5% and maturing April 2027.	<u>457,749</u>	<u>558,662</u>
	933,405	1,177,753
Less current maturities	<u>(256,796)</u>	<u>(244,348)</u>
	<u>\$ 676,609</u>	<u>\$ 933,405</u>

Notes payable include \$482,521 and \$590,903 at July 31, 2023 and 2022, respectively, payable to individuals who serve as directors of the Association.

Future scheduled maturities of long-term debt are as follows:

<u>Year ending July 31:</u>	<u>Total Principal Amount Due</u>
2024	\$ 256,796
2025	269,879
2026	283,628
2027	<u>123,102</u>
	<u>\$ 933,405</u>

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 9 - GRANTS PAYABLE

The Association has awarded a grant in support of Asociación para una Sociedad Más Justa, a Honduran organization, in the amount of \$1,388,225 and \$1,570,000 for the calendar years 2023 and 2022, respectively, of which \$248,334 and \$211,417 is payable at year-end July 31, 2023 and 2022, respectively. Grants payable are expected to be paid in less than one year.

NOTE 10 - COMMITMENTS

Retirement Plans

The Association has established a SIMPLE IRA plan which allows for matching contributions up to 3% of compensation paid to U.S. employees. Contributions and administrative expenses of the plan were \$8,287 and \$8,838 for the years ended July 31, 2023 and 2022, respectively.

Self-Insured State Unemployment Fund

In accordance with state law, Association for a More Just Society has elected to be a reimbursing employer for state unemployment tax purposes. In lieu of quarterly tax contributions, the Association will reimburse the state dollar for dollar for all unemployment claims made. State law requires the establishment of a letter of credit or surety bond as guarantee of payment under this program.

NOTE 11 - NET ASSETS

Board Designated Net Assets

The Association has two board designated funds: Legacy fund and Repair fund. The Board has a policy to set aside unrestricted estate gifts into a legacy program where the funds are stewarded through a seven-year spend-down program utilizing 10% of the funds in the year an estate gift is received and 15% of the funds in each of the following six years. In 2022, the Board created a policy to set aside funds for future repairs of the Honduras building as a repair fund.

Board designated net assets are available as follows:

	July 31,	
	2023	2022
Legacy fund	\$ 9,219	\$ 10,972
Repair fund	241,340	40,005
	<u>\$ 250,559</u>	<u>\$ 50,977</u>

Note 11 continued on next page.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 11 - NET ASSETS (CONTINUED)

Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	July 31,	
	2023	2022
Purpose restricted:		
Honduras leadership support	\$ 62,500	\$ 112,500
Honduras grants and projects	33,334	66,667
Time restricted:		
Bequests and unconditional promises to give - implicitly restricted for subsequent period	107,603	150,000
	<u>\$ 203,437</u>	<u>\$ 329,167</u>

NOTE 12 - CASH AND RESTRICTED DEPOSITS

Restricted Deposits

The Association holds tenant security deposits of \$30,000 in a Honduran bank account equal to the amount of the full security deposit in Honduran lempira.

The national electrical utility company in Honduras (ENEE) requires the Association to maintain a security deposit of \$24,349 with regard to electrical services for the building in Tegucigalpa. This security deposit is maintained in a separate bank account and is required as long as the Association receives electrical services from the company. Subsequent to year end, ENEE removed the requirement to maintain a security deposit.

Note 12 continued on next page.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 12 - CASH AND RESTRICTED DEPOSITS (CONTINUED)

Disclosure of Cash Flow Information

The following table provides a reconciliation of cash, restricted deposits and capital campaign cash reported within the statements of financial position of that sum to the total of the same such amount shown in the statements of cash flows:

	July 31,	
	2023	2022
Cash	\$ 509,119	\$ 340,901
Restricted deposits	54,349	54,349
	<u>\$ 563,468</u>	<u>\$ 395,250</u>

The following are supplemental disclosures to the statements of cash flows:

	Year Ended July 31,	
	2023	2022
Cash paid for interest:		
Interest expense	\$ 53,577	\$ 68,381
Interest accrued	777	3,853
	<u>\$ 54,354</u>	<u>\$ 72,234</u>

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 13 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Association's financial assets available for general expenditure within one year, reduced by amounts not available for general use because of board designations, contractual or donor-imposed restrictions:

	July 31,	
	2023	2022
Cash and restricted deposits	\$ 563,468	\$ 395,250
Investments	250,559	50,977
Unconditional promises to give	202,009	326,323
Miscellaneous receivables	-	17,847
Total financial assets	1,016,036	790,397
Less amounts unavailable for general expenditure within one year due to:		
Time restricted pledges to be received in more than one year	-	(75,000)
Contractual obligations	(30,000)	(54,349)
Donor imposed purpose restrictions	(95,834)	(179,167)
Board designated building repair fund	(241,340)	(40,005)
Board designated legacy gifts to be used in more than one year	(33,090)	(8,840)
Financial assets available for general use within one year	<u>\$ 615,772</u>	<u>\$ 433,036</u>

Because donor restrictions require resources to be used in a particular manner or in a future period, the Association must maintain sufficient resources to meet those responsibilities to its donors. Thus, a portion of financial assets are not available for general expenditure within one year. Financial assets available for general use exclude board designated funds that are intended to be used for legacy fund in more than one year and therefore are not available for general use in the current period. In the event that an unanticipated need arises, the board designated funds could be made available for general expenditures.

As part of the Association's liquidity management, the Association structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Board has established a policy to maintain three months' operating expenses held in cash as an emergency fund, which was approximately \$440,000 as of July 31, 2023. The emergency fund may go below the three-month reserve with finance committee approval and board notification.

ASSOCIATION FOR A MORE JUST SOCIETY - U.S.
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 14 - JOINT VENTURE

The Association has entered into a non-equity joint venture with two foreign entities to jointly operate activities that contribute to the education of the public in Honduras on issues of corruption, transparency and human rights. The joint venture is effective July 2023 and will continue until August 30, 2027. The agreement can be terminated by any party for any reason with notice no less than one full year from the intended date of termination. Contributions will be made to the joint venture subject to a budgeting process. Upon termination, assets held by the joint venture will be distributed between the parties in proportion to the contributions made by them to the joint venture.

During the year-ended July 31, 2023, the Association made no contributions to the joint venture. The joint venture had no significant expenditures and no assets as of July 31, 2023.

NOTE 15 - RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Effective August 1, 2022, the Association adopted FASB ASC 842, Leases. The new standard establishes a right of use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statement of position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. Leases with a term of less than 12 months will not record a right-of-use asset and lease liability and the payments will be recognized into expense on a straight-line basis over the lease term.

The Association has no leases with terms longer than 12 months and the adoption of FASB ASC 842 resulted in the recognition of no ROU assets or lease liabilities as of August 1, 2022. The adoption of FASB ASC 842 did not have a material impact on the Association's statement of activities or cash flows. Results for periods beginning prior to August 1, 2022, continue to be reported in accordance with our historical accounting treatment.