

# ADMINISTER JUSTICE

Financial Statements  
With Independent Auditors' Report

December 30, 2023 and 2022

# ADMINISTER JUSTICE

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Administer Justice  
Elgin, Illinois

### ***Opinion***

We have audited the accompanying financial statements of Administer Justice, which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, 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 Administer Justice as of December 31, 2023 and 2022, and the changes in its net assets and 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Administer Justice, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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; this includes 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.

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 Administer Justice's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors  
Administer Justice  
Elgin, Illinois

***Auditors' 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 auditors' 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 misstatement 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 Administer Justice's internal control. Accordingly, no such opinion is expressed.
- 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 Administer Justice'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.

*Capin Crouse LLP*

Naperville, Illinois  
April 3, 2024

# ADMINISTER JUSTICE

## Statements of Financial Position

	December 31,	
	2023	2022
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 176,555	\$ 440,004
Cash held for board designation	187,407	32,428
Investments	1,751,972	1,956,654
Prepaid expenses and other assets	8,014	6,418
Operating lease - right of use assets	2,745	5,462
Furniture and equipment, net	6,772	7,516
<b>Total Assets</b>	<b>\$ 2,133,465</b>	<b>\$ 2,448,482</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 11,744	\$ 32,351
Operating lease obligations	2,745	5,462
Accrued expenses	6,389	6,033
<b>Total liabilities</b>	<b>20,878</b>	<b>43,846</b>
<b>Net assets:</b>		
Without donor restrictions	2,112,587	2,404,636
<b>Total net assets</b>	<b>2,112,587</b>	<b>2,404,636</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,133,465</b>	<b>\$ 2,448,482</b>

See notes to financial statements

# ADMINISTER JUSTICE

## Statements of Activities

	Year ended December 31,	
	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenues:		
Contributions	\$ 774,162	\$ 862,798
Grants	142,375	308,305
Program service revenue	78,776	49,540
Contributed services	2,529,506	1,395,568
Memberships	3,290	4,729
Investment income (loss)	147,051	(341,204)
Other income	2,962	982
Total Support and Revenue	<u>3,678,122</u>	<u>2,280,718</u>
Expenses:		
Program services	3,849,942	2,547,761
Supporting activities:		
General and administrative	77,810	75,318
Fundraising	42,419	30,802
Total Expenses	<u>3,970,171</u>	<u>2,653,881</u>
Change in Net Assets Without Donor Restrictions	(292,049)	(373,163)
Net Assets, Beginning of Year	<u>2,404,636</u>	<u>2,777,799</u>
Net Assets, End of Year	<u>\$ 2,112,587</u>	<u>\$ 2,404,636</u>

See notes to financial statements

# ADMINISTER JUSTICE

## Statements of Cash Flows

	Year Ended December 31,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (292,049)	\$ (373,163)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,146	2,282
Net realized and unrealized (gains) loss on investments	(82,682)	383,598
Change in prepaid expenses	(1,596)	(5,893)
Change in accounts payable and accrued expenses	(20,251)	(1,232)
Net Cash Used by Operating Activities	<u>(394,432)</u>	<u>5,592</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of furniture and equipment	(1,402)	(2,648)
Purchases of investments	(1,373,069)	(643,112)
Sale of investments	1,660,433	908,383
Net Cash Provided by Investing Activities	<u>285,962</u>	<u>262,623</u>
Net Change in Cash, Cash Equivalents, and Designated Cash	(108,470)	268,215
Cash and Designated Cash, Beginning of Year	<u>472,432</u>	<u>204,217</u>
Cash and Designated Cash, End of Year	<u>\$ 363,962</u>	<u>\$ 472,432</u>
<b>SUPPLEMENTAL DISCLOSURES:</b>		
ROU assets obtained in exchange for lease obligations	<u>\$ -</u>	<u>\$ 8,100</u>

See notes to financial statements

# ADMINISTER JUSTICE

## Notes to Financial Statements

December 31, 2023 and 2022

1. NATURE OF ORGANIZATION:

Administer Justice (the Organization) was organized and incorporated as an Illinois nonprofit corporation whose purpose is to train and equip churches, attorneys, and individuals to establish and run legal aid centers designed to provide legal services to low income individuals. The Organization is supported primarily by contributions and grants from governmental, corporate and private sources. Prior to April 2021, Administer Justice was known as Gospel Justice Initiative (d/b/a Administer Justice), effective April 1, 2021, the name was legally changed to Administer Justice.

The Organization is incorporated under the laws of the state of Illinois to operate as a charitable organization within Section 501(c)(3) of the U.S. Internal Revenue Code (Code). The Organization is exempt from federal and state income taxes and contributions are tax deductible within the limitations prescribed by the Code. The Organization has been classified as public organization that is not a private foundation under Section 509(a) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The significant accounting policies followed are described below.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include checking accounts. These accounts may, at times, exceed federally insured limits. At December 31, 2023 and 2022, the Organization's cash balance exceeded federally insured limits by \$50,684 and \$93,520, respectively.

Cash, cash equivalents, and designated cash consists of the following:

	December 31,	
	2023	2022
Cash and cash equivalents	\$ 176,555	\$ 440,004
Cash held for board designated contingency fund	187,407	32,428
	<u>\$ 363,962</u>	<u>\$ 472,432</u>



# ADMINISTER JUSTICE

## Notes to Financial Statements

December 31, 2023 and 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### FURNITURE AND EQUIPMENT, NET

Expenditures for property and equipment in excess of \$2,500 are capitalized at cost, or if donated, at fair market value on the date of the gift. Depreciation is computed on the straight-line method over their estimated useful lives of five to seven years.

#### NET ASSETS

The financial statements report amounts by class of net assets.

*Net assets without donor restrictions* are those available for operations at the discretion of the Board to be used to further the exempt purposes of the Organization and those invested in property and equipment. As of December 31, 2023 and 2022, board designated funds were \$187,407 and \$32,428, respectively.

*Net assets with donor restrictions* are funds which have been contributed with donor stipulations for specific operating purposes, and amounts for which timing restrictions related to pledges receivable have not been met. For restricted funds received and disbursed in the same year, it is the Organization's policy to not separately present these on the statements of activities. As of December 31, 2023 and 2022, there are no net assets with donor restrictions.

#### REVENUES AND EXPENSES

Contributions are recognized when made, which may be when cash is received, unconditional promises are received or contributed services are provided. Donated investments are recognized at the quoted market price (fair value) on the date of donation. Other revenue is recorded when earned and expenses are recorded when incurred in accordance with the accrual basis of accounting. At December 31, 2023 and 2022, the top two donors contributed approximately 22% and 35% of total donations, respectively.

#### ALLOCATION OF EXPENSES

The costs of providing the various program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited based on the amount of hours worked by employees related to each category.

# ADMINISTER JUSTICE

## Notes to Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Expenses by natural classification and functional allocation are as follows as of December 31, 2023:

	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Contributed services	\$ 2,529,506	\$ -	\$ -	\$ 2,529,506
Salaries	649,460	46,575	42,419	738,454
Information technology	107,474	-	-	107,474
Housing allowance	108,000	-	-	108,000
Benefits	98,675	-	-	98,675
Professional fees	48,542	15,822	-	64,364
Occupancy	50,599	-	-	50,599
Office supplies	50,720	1,135	-	51,855
Payroll taxes	48,030	-	-	48,030
Conferences	80,727	-	-	80,727
Advertising	39,462	-	-	39,462
Travel and meals	16,187	7,860	-	24,047
Miscellaneous	6,361	-	-	6,361
Insurance	-	6,418	-	6,418
Membership and dues	14,053	-	-	14,053
Depreciation	2,146	-	-	2,146
	<u>\$ 3,849,942</u>	<u>\$ 77,810</u>	<u>\$ 42,419</u>	<u>\$ 3,970,171</u>

# ADMINISTER JUSTICE

## Notes to Financial Statements

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Expenses by natural classification and functional allocation are as follows as of December 31, 2022:

	<u>Program</u>	<u>Management &amp; General</u>	<u>Fundraising</u>	<u>Total</u>
Contributed services	\$ 1,395,568	\$ -	\$ -	\$ 1,395,568
Salaries	592,084	-	24,180	616,264
Information technology	120,656	-	-	120,656
Housing allowance	108,000	-	-	108,000
Benefits	99,414	-	-	99,414
Professional fees	-	75,318	-	75,318
Occupancy	59,010	-	-	59,010
Office supplies	43,231	-	122	43,353
Payroll taxes	41,748	-	-	41,748
Conferences	18,170	-	6,442	24,612
Advertising	19,534	-	58	19,592
Travel and meals	17,961	-	-	17,961
Miscellaneous	14,488	-	-	14,488
Insurance	8,183	-	-	8,183
Membership and dues	7,432	-	-	7,432
Depreciation	2,282	-	-	2,282
	<u>\$ 2,547,761</u>	<u>\$ 75,318</u>	<u>\$ 30,802</u>	<u>\$ 2,653,881</u>

# ADMINISTER JUSTICE

## Notes to Financial Statements

December 31, 2023 and 2022

### 3. INVESTMENTS:

The Organization's investment holdings are as follows:

	December 31,	
	2023	2022
Mutual funds	\$ 860,206	\$ 1,562,592
U.S. government securities	891,766	394,062
	<u>\$ 1,751,972</u>	<u>\$ 1,956,654</u>

The Organization uses appropriate valuation techniques to determine fair value based on inputs available. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. The valuations for each of these levels are determined as follows:

Level 1 - Quoted prices for identical instruments traded in active markets.

Level 2 - Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets or model-based valuations where significant assumptions are observable.

Level 3 - Model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use.

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2023:

	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 860,206	\$ 860,206	\$ -	\$ -
U.S. government securities	891,766	891,766	-	-
	<u>\$ 1,751,972</u>	<u>\$ 1,751,972</u>	<u>\$ -</u>	<u>\$ -</u>

# ADMINISTER JUSTICE

## Notes to Financial Statements

December 31, 2023 and 2022

3. INVESTMENTS, continued:

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2022:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Mutual funds	\$ 1,562,592	\$ 1,562,592	\$ -	\$ -
U.S. government securities	<u>394,062</u>	<u>394,062</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,956,654</u>	<u>\$ 1,956,654</u>	<u>\$ -</u>	<u>\$ -</u>

4. CONTRIBUTED SERVICES:

The Organization receives donated services from unpaid volunteers. Donated services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. An estimated value for the professional services of the attorneys, paralegals, interpreters, bookkeepers, and board volunteers has been recognized in the statements of activities having met the criteria for recognition. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

For the years ended December 31, 2023 and 2022, donated services recognized within the statements of activities included:

	<u>December 31,</u>	
	<u>2023</u>	<u>2022</u>
Attorney services	\$ 1,203,488	\$ 577,737
Attorney support services	<u>1,326,018</u>	<u>817,831</u>
	<u>\$ 2,529,506</u>	<u>\$ 1,395,568</u>

Donated services are not donor restricted in nature as of December 31, 2023 and 2022, and are included in the contributed services program activities in the year received. Hourly rates applied to the services donated are valued using the latest legal trends report published by a reputable third party and is publicly available. Hours are reported by the volunteers for the services donated to the Organization and are recognized as revenue and expense using the appropriate hourly rate.

# ADMINISTER JUSTICE

## Notes to Financial Statements

December 31, 2023 and 2022

5. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31,	
	2023	2022
Furniture and equipment	\$ 35,871	\$ 34,469
	35,871	34,469
Less accumulated depreciation	(29,099)	(26,953)
	\$ 6,772	\$ 7,516

6. OPERATING LEASE - RIGHT OF USE ASSETS AND OBLIGATIONS:

The Organization leases various equipment to support its operations under noncancelable operating leases expiring in 2024. The discount rate represents the risk-free discount rate using a period comparable with that of the individual lease term on the inception date of the lease. Total expenses incurred under the operating lease for the years ended December 31, 2023 and 2022, were \$2,770.

	December 31,	
	2023	2022
Operating lease right-of-use assets	\$ 2,745	\$ 5,462
Operating lease liabilities	\$ 2,745	\$ 5,462
Operating lease costs	\$ 2,770	\$ 2,770
Weighted-average discount rate	1.67%	1.67%
Weighted-average remaining lease term	.97 years	1.97 years

Future minimum lease payments required under the operating lease that has an initial or remaining non-cancelable lease term in excess of one year as follows:

Year Ending December 31,	
2023	\$ 2,770
Less: imputed interest	(25)
	\$ 2,745

# ADMINISTER JUSTICE

## Notes to Financial Statements

December 31, 2023 and 2022

7. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the Organization's financial assets, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year or due to contractual or donor-imposed restrictions. The Organization's general operations are funded by contributions from donors as well as grants from outside organizations.

	December 31,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 176,555	\$ 440,004
Cash held for board designated contingency fund	187,407	32,428
Investments	1,751,972	1,956,654
	<u>2,115,934</u>	<u>2,429,086</u>
Less those unavailable for general expenditures within one year, due to:		
Board designated contingency fund	<u>(187,407)</u>	<u>(32,428)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,928,527</u>	<u>\$ 2,396,658</u>

8. EMPLOYEE RETENTION CREDIT:

The Organization claimed a tax credit of \$132,555 through the Employee Retention Credit program offered through the CARES Act. The credit is claimed in relation to qualified wages owed for the year ended December 31, 2022. The full amount of the credit was recognized as grant revenue within the statements of activities for the year ending December 31, 2022.

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 3, 2024, which represents the date the financial statements were available to be issued.