ADMINISTER JUSTICE

Financial Statements
With Independent Auditors' Report

December 30, 2022 and 2021

CAPINCROUSE LLP

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, 2022 and 2021, 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, 2022 and 2021, 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.

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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 13, 2023

ADMINISTER JUSTICE

Statements of Financial Position

	December 31, 2022	December 31, 2021
ASSETS:		
Cash and cash equivalents	$ 440,004	$ 197,203
Cash held for board designation	32,428	7,014
Investments	1,956,654	2,605,523
Prepaid expenses and other assets	6,418	525
Operating lease - right of use assets	5,462	-
Furniture and equipment, net	7,516	7,150
Total Assets	$ 2,448,482	$ 2,817,415
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	$ 32,351	$ 7,146
Operating lease obligations	5,462	-
Accrued expenses	6,033	32,470
Total liabilities	43,846	39,616
Net assets:		
Without donor restrictions	2,404,636	2,777,799
Total net assets	2,404,636	2,777,799
Total Liabilities and Net Assets	$ 2,448,482	$ 2,817,415

See notes to financial statements

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Statements of Activities

	Year ended December 31, 2022	2021
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenues:		
Contributions	$ 862,798	$ 2,585,139
Grants	308,305	281,773
Forgiveness of Paycheck Protection Program (PPP) loan	-	125,209
Program service revenue	49,540	44,521
Contributed services	1,395,568	447,923
Memberships	4,729	5,648
Investment (loss) income	(341,204)	167,843
Other income	982	-
Total Support and Revenue	2,280,718	3,658,056
Expenses:		
Program services	2,547,761	1,495,687
Supporting activities:		
General and administrative	75,318	114,394
Fundraising	30,802	26,657
Total Expenses	2,653,881	1,636,738
Change in Net Assets Without Donor Restrictions	(373,163)	2,021,318
Net Assets, Beginning of Year	2,777,799	756,481
Net Assets, End of Year	$ 2,404,636	$ 2,777,799

See notes to financial statements

ADMINISTER JUSTICE

Statements of Cash Flows

	Year Ended December 31, 2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ (373,163)	$ 2,021,318
Forgiveness of Paycheck Protection Program loan	-	(125,209)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,282	713
Net realized and unrealized losses (gains) loss on investments	383,600	(127,858)
Change in accounts receivable	-	138,603
Change in prepaid expenses	(5,893)	4,930
Change in accounts payable and accrued expenses	(1,232)	23,113
Net Cash Provided by Operating Activities	5,594	1,935,610
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(2,648)	(6,140)
Purchases of investments	(34,731)	(2,345,777)
Sale of investments	300,000	160,000
Net Cash Provided (Used) by Investing Activities	262,621	(2,191,917)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of PPP loan proceeds	-	125,209
Net Cash Provided by Financing Activities	-	125,209
Net Change in Cash, Cash Equivalents, and Designated Cash	268,215	(131,098)
Cash, Cash Equivalents, and Designated Cash, Beginning of Year	204,217	335,315
Cash, Cash Equivalents and Designated Cash, End of Year	$ 472,432	$ 204,217
SUPPLEMENTAL DISCLOSURES:		
Loan forgiveness recognized as revenue	$ -	$ 125,209
ROU assets obtained in exchange for operating lease obligations	$ 8,100	$ -

See notes to financial statements

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Notes to Financial Statements

December 31, 2022 and 2021

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.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking accounts. These accounts may, at times, exceed federally insured limits. At December 31, 2022, the Organization's cash balance exceeded federally insured limits by $93,520 and did not exceed federally insured limits as of December 31, 2021. The Organization has not experienced any losses on these accounts.

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

	December 31, 2022	December 31, 2021
Cash and cash equivalents	$ 440,004	$ 197,203
Cash held for board designation	32,428	7,014
	$ 472,432	$ 204,217

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

OPERATING LEASE - RIGHT OF USE ASSETS AND OBLIGATIONS
The Organization adopted Accounting Standards Update (ASU) 2016-02 (see recently adopted accounting pronouncements below) and its related amendments as of January 1, 2022, which results in the recognition of operating lease right-of-use assets totaling $5,462 as of December 31, 2022, as well as operating lease obligations totaling $5,462. The Organization elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of January 1, 2022, without restating prior-year amounts. The additional lease disclosures can be found in Note 6.

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, 2022 and 2021, board designated funds were $32,428 and $7,014, 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 statement of activities. As of December 31, 2022 and 2021, 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, 2022 and 2021, the top two donors contributed approximately 35% and 77% of total donations, respectively. At December 31, 2022 and 2021, the Board of Directors also provided $60,796 and $20,124, respectively.

As part of the response to the impact of COVID-19, the Organization applied for a Paycheck Protection Program (PPP) loan, administered by the Small Business Administration (SBA), under the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was signed into law in March 2020. The Organization was approved for a loan in the amount of $125,209 in January 2021. As of December 31, 2021, the loan was forgiven and the full amount of the loan was recognized as contribution revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS
As of January 1, 2022, the Organization adopted the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07: *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* ASU 2020-07 increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU has been applied retrospectively to all periods presented with no effect on net assets or previously issued financial statements. Additional disclosures with regards to contributed nonfinancial assets were added to the notes to the financial statements.

In 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842 of the ASC)*. The amendments in this update require organizations that lease assets to recognize on the statement of financial position the assets and liabilities for the rights and obligations created by the leases. The amendments are effective for fiscal years beginning after December 15, 2021. The Organization adopted this update for the year ended December 31, 2022. Some of the Organization's contracts contain the right to control the use of property or assets and are therefore considered leases. The Organization elected to adopt the transition relief provisions from ASU 2018-11, *Leases (Topic 842): Targeted Improvements* and recorded the impact of adoption as of January 1, 2022, without restating prior-year amounts. The Organization also elected the practical expedient package to not reassess any leases in effect prior to the adoption of the lease accounting standard and the accounting policy election to exclude short-term leases with lease terms of 12 months or less. The additional lease disclosures can

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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

	Program	Management & General	Fundraising	Total
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
	$ 2,547,761	$ 75,318	$ 30,802	$ 2,653,881

ADMINISTER JUSTICE

Notes to Financial Statements

December 31, 2022 and 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Expenses by natural classification and functional allocation are as follows as of December 31, 2021:

	Program	Management & General	Fundraising	Total
Salaries	$ 505,806	$ 83,755	$ -	$ 589,561
Housing allowance	108,000	-	-	108,000
Benefits	71,766	-	-	71,766
Contributed services	447,923	-	-	447,923
Information technology	82,853	2,420	-	85,273
Office supplies	65,696	-	192	65,888
Advertising	56,192	-	9,230	65,422
Occupancy	52,946	-	-	52,946
Payroll taxes	40,474	-	-	40,474
Miscellaneous	29,367	-	-	29,367
Professional fees	-	28,219	-	28,219
Conferences fees	9,094	-	17,235	26,329
Membership and dues	11,481	-	-	11,481
Insurance	8,637	-	-	8,637
Travel and meals	4,739	-	-	4,739
Depreciation	713	-	-	713
	$ 1,495,687	$ 114,394	$ 26,657	$ 1,636,738

3. INVESTMENTS:

The Organization's investment holdings are as follows:

	December 31, 2022	December 31, 2021
Mutual funds	$ 1,562,592	$ 2,605,523
U.S. government securities	394,062	-
	$ 1,956,654	$ 2,605,523

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, 2022:

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

3. INVESTMENTS, continued:

The table below presents the level within the fair value hierarchy at which investments are measured at December 31, 2021:

	Total	Level 1	Level 2	Level 3
Mutual funds	$ 2,605,523	$ 2,605,523	$ -	$ -
	$ 2,605,523	$ 2,605,523	$ -	$ -

4. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following:

	December 31, 2022	December 31, 2021
Furniture and equipment	$ 34,469	$ 31,821
	34,469	31,821
Less accumulated depreciation	(26,953)	(24,671)
	$ 7,516	$ 7,150

5. 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 statement 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, 2022 and 2021, donated services recognized within the statements of activities included:

	December 31, 2022	December 31, 2021
Attorney services	$ 577,737	$ 443,477
Attorney support services	817,831	4,446
	$ 1,395,568	$ 447,923

5. CONTRIBUTED SERVICES, continued:

Donated services are not donor restricted in nature as of December 31, 2022 and 2021, 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.

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 year ended December 31, 2022, was $2,770.

	December 31, 2022
Operating lease right-of-use assets	$ 5,462
Operating lease liabilities	$ 5,462
Operating lease costs	$ 2,770
Weighted-average discount rate	1.67%
Weighted-average remaining lease term	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
2024	2,770
	5,540
Less: imputed interest	(78)
	$ 5,462

7. LEASE EXPENSE:

Prior to the adoption of ASUs 2016-02 and 2018-11 under Topic 842 as described in Note 2, the Organization was applying Topic 840 in relation to operating leases. During the year ended December 31, 2021, the Organization had operating lease expense of $37,999.

8. 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, 2022	December 31, 2021
Financial assets:		
Cash and cash equivalents	$ 440,004	$ 197,203
Cash held for board designations	32,428	7,014
Investments	1,956,654	2,605,523
	2,429,086	2,809,740
Less those unavailable for general expenditures within one year, due to:		
Board designated contingency fund	(32,428)	(7,014)
Financial assets available to meet cash needs for general expenditures within one year	$ 2,396,658	$ 2,802,726

9. 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 statement of activities for the year ending December 31, 2022.

10. RELATED PARTY TRANSACTIONS:

Board members of the Organization provided contributions during the years ended December 31, 2022 and 2021, totaling $60,796 and $20,124, or approximately 6% and 1% of total contributions, respectively.

The Organization also received IT consulting services from a relative of a board member for the years ended December 31, 2022 and 2021, with payments to the related party totaling $34,703 and $27,472, respectively.

11. RISKS AND UNCERTAINTIES:
In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Organization for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

12. SUBSEQUENT EVENTS:
Subsequent events have been evaluated through April 13, 2023, which represents the date the financial statements were available to be issued.