

ADMINISTER JUSTICE

Financial Statements
With Independent Auditors' Report

December 31, 2024 and 2023



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, 2024 and 2023, 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, 2024 and 2023, 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.

A handwritten signature in cursive script that reads "Capin Crouse LLC".

Naperville, Illinois
April 11, 2025

ADMINISTER JUSTICE

Statements of Financial Position

	December 31,	
	2024	2023
ASSETS:		
Cash and cash equivalents	\$ 348,176	\$ 363,962
Investments	1,165,651	1,564,565
Investments held for board designation	491,573	187,407
Prepaid expenses and other assets	12,539	8,014
Operating lease - right of use assets	-	2,745
Furniture and equipment, net	6,573	6,772
Total Assets	<u>\$ 2,024,512</u>	<u>\$ 2,133,465</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 14,179	\$ 11,744
Operating lease obligations	-	2,745
Accrued expenses	45,090	6,389
Total liabilities	<u>59,269</u>	<u>20,878</u>
Net assets:		
Without donor restrictions	1,965,243	2,112,587
Total net assets	<u>1,965,243</u>	<u>2,112,587</u>
Total Liabilities and Net Assets	<u>\$ 2,024,512</u>	<u>\$ 2,133,465</u>

See notes to financial statements

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Statements of Activities

	Year Ended December 31,	
	2024	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Support and Revenues:		
Contributions	\$ 830,229	\$ 774,162
Grants	182,000	142,375
Program service revenue	87,323	78,776
Contributed services	3,552,549	2,529,506
Memberships	-	3,290
Investment income	111,485	147,051
Other income	2,226	2,962
Total Support and Revenue	4,765,812	3,678,122
Expenses:		
Program services	4,635,848	3,797,936
Supporting activities:		
General and administrative	142,178	97,032
Fundraising	135,130	75,203
Total Expenses	4,913,156	3,970,171
Change in Net Assets Without Donor Restrictions	(147,344)	(292,049)
Net Assets, Beginning of Year	2,112,587	2,404,636
Net Assets, End of Year	\$ 1,965,243	\$ 2,112,587

See notes to financial statements

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Statements of Cash Flows

	Year Ended December 31,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (147,344)	\$ (292,049)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	2,608	2,146
Net realized and unrealized gains on investments	(60,801)	(82,682)
Reinvested dividends and interest	(50,684)	(64,369)
Change in prepaid expenses and other assets	(4,525)	(1,596)
Change in accounts payable	2,435	(20,607)
Change in accrued expenses	38,701	356
Net Cash Used by Operating Activities	<u>(219,610)</u>	<u>(458,801)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of furniture and equipment	(2,409)	(1,402)
Purchases of investments	(1,167,634)	(1,308,700)
Sale of investments	1,373,867	1,660,433
Net Cash Provided by Investing Activities	<u>203,824</u>	<u>350,331</u>
Net Change in Cash and Cash Equivalents	(15,786)	(108,470)
Cash and Cash Equivalents, Beginning of Year	<u>363,962</u>	<u>472,432</u>
Cash and Cash Equivalents, End of Year	<u>\$ 348,176</u>	<u>\$ 363,962</u>

See notes to financial statements

ADMINISTER JUSTICE

Notes to Financial Statements

December 31, 2024 and 2023

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 a 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, 2024 and 2023, the Organization's cash balance exceeded federally insured limits by \$33,369 and \$50,684, respectively.

INVESTMENTS AND INVESTMENTS HELD FOR BOARD DESIGNATION

Investments and investments held for board designation consist of mutual funds and U.S. government securities and are reported at fair value using quoted prices in active markets for identical assets, which is Level 1 of the fair value hierarchy. The Organization reports investment income and gains and losses on investments as increases or decreases in net assets without donor restrictions, unless a donor or law restricts their use.

FURNITURE AND EQUIPMENT, NET

Expenditures for furniture 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.

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Notes to Financial Statements

December 31, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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, 2024 and 2023, board designated funds were \$491,573 and \$187,407, 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, 2024 and 2023, there are no net assets with donor restrictions.

REVENUES

Contributions and grants 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. At December 31, 2024, the top four donors contributed approximately 42% of total donations and at December 31, 2023, the top two donors contributed approximately 22% of total donations.

Program revenue consists of client copay fees for legal services and is recognized when the associated performance obligations are satisfied, which is when legal services are provided. Other revenue is recorded when earned, or when the associated performance obligation is satisfied.

EXPENSES, ADVERTISING, AND JOINT COSTS

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. There were no advertising or joint costs incurred for the years ended December 31, 2024 and 2023.

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Notes to Financial Statements

December 31, 2024 and 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

Expenses by natural classification and functional allocation are as follows as of December 31, 2024:

	Program	Management & General	Fundraising	Total
Professional and volunteer expenses	\$ 3,576,094	\$ 34,068	\$ -	\$ 3,610,162
Salaries, taxes and benefits	848,165	54,265	109,400	1,011,830
Information technology	78,946	17,520	2,042	98,508
Occupancy	55,547	3,754	2,917	62,218
Miscellaneous	77,096	32,571	20,771	130,438
	<u>\$ 4,635,848</u>	<u>\$ 142,178</u>	<u>\$ 135,130</u>	<u>\$ 4,913,156</u>

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

	Program	Management & General	Fundraising	Total
Professional and volunteer expenses	\$ 2,578,048	\$ 15,822	\$ -	\$ 2,593,870
Salaries, taxes and benefits	873,469	62,640	57,050	993,159
Information technology	107,473	-	-	107,473
Occupancy	50,599	-	-	50,599
Miscellaneous	188,347	18,570	18,153	225,070
	<u>\$ 3,797,936</u>	<u>\$ 97,032</u>	<u>\$ 75,203</u>	<u>\$ 3,970,171</u>

RECLASSIFICATIONS:

Certain prior year balances have been reclassified to conform with current year presentation. Board designated investments of \$187,407 were previously presented as board designated cash in the 2023 financial statements previously issued. Additionally, corresponding amounts have been reclassified from the cash and investments balances to conform with current year presentation.

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Notes to Financial Statements

December 31, 2024 and 2023

3. INVESTMENTS:

The Organization's investment holdings are as follows:

	December 31,	
	2024	2023
Mutual funds	\$ 1,357,693	\$ 860,206
U.S. government securities	299,531	891,766
	<u>\$ 1,657,224</u>	<u>\$ 1,751,972</u>

Investments on the statements of financial position consist of the following:

	December 31,	
	2024	2023
Investments	\$ 1,165,651	\$ 1,564,565
Investments held for board designation	491,573	187,407
	<u>\$ 1,657,224</u>	<u>\$ 1,751,972</u>

Investment income on the statements of activities are as follows:

	Year Ended December 31,	
	2024	2023
Realized and unrealized gains	\$ 60,801	\$ 82,682
Dividends and interest	50,684	64,369
	<u>\$ 111,485</u>	<u>\$ 147,051</u>

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Notes to Financial Statements

December 31, 2024 and 2023

3. INVESTMENTS, continued:

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, 2024:

	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 1,357,693	\$ 1,357,693	\$ -	\$ -
U.S. government securities	299,531	-	299,531	-
	<u>\$ 1,657,224</u>	<u>\$ 1,357,693</u>	<u>\$ 299,531</u>	<u>\$ -</u>

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>\$ 860,206</u>	<u>\$ 891,766</u>	<u>\$ -</u>

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Notes to Financial Statements

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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, and interpreters has been recognized in the statements of activities having met the criteria for recognition. The amounts reflected in the accompanying financial statements as contributed services are offset by like amounts included in expenses or assets.

For the years ended December 31, 2024 and 2023, donated services recognized within the statements of activities included:

	December 31,	
	2024	2023
Attorney services	\$ 1,627,671	\$ 1,203,488
Attorney support services	1,924,878	1,326,018
	<u>\$ 3,552,549</u>	<u>\$ 2,529,506</u>

Donated services are not donor restricted in nature as of December 31, 2024 and 2023, 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.

5. FURNITURE AND EQUIPMENT, net:

Furniture and equipment, net consists of the following:

	December 31,	
	2024	2023
Furniture and equipment	\$ 38,280	\$ 35,871
	38,280	35,871
Less accumulated depreciation	(31,707)	(29,099)
	<u>\$ 6,573</u>	<u>\$ 6,772</u>

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Notes to Financial Statements

December 31, 2024 and 2023

6. NET ASSETS

Net assets without donor restrictions consist of the following

	December 31,	
	2024	2023
Undesignated	\$ 1,473,670	\$ 1,925,180
Board designated reserves	491,573	187,407
	<u>\$ 1,965,243</u>	<u>\$ 2,112,587</u>

7. RETIREMENT PLAN

The Organization provides a SIMPLE IRA Plan. All employees are eligible to participate in the Plan, and the Organization provided a matching contribution up to 3% of eligible compensation. For the years ended December 31, 2024 and 2023, the Organization made contributions in the amount of \$23,588 and \$23,526, respectively.

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, or because the governing board has set aside the funds for specific contingency reserves and projects within one year of the statements of financial position date. These board designations could be drawn upon if the board approves that action.

	December 31,	
	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 348,176	\$ 363,962
Investments	1,165,651	1,564,565
Investments held for board designated contingency fund	491,573	187,407
	<u>2,005,400</u>	<u>2,115,934</u>
Less those unavailable for general expenditures within one year, due to:		
Board designated reserves	<u>(491,573)</u>	<u>(187,407)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,513,827</u>	<u>\$ 1,928,527</u>

The Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of the Organization's liquidity management, it has established guidelines for making decisions related to managing short term cash reserves in a prudent manner.

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Notes to Financial Statements

December 31, 2024 and 2023

9. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through April 11, 2025, which represents the date the financial statements were available to be issued.