

MAGIS AMERICAS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021



Certified Public Accountants

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Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Magis Americas, Inc.

Opinion

We have audited the accompanying financial statements of **Magis Americas, Inc.** (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the six months 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 **Magis Americas, Inc.** as of June 30, 2021, and the changes in their net assets and their cash flows for the six months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 **Magis Americas, Inc.** 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 the 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.

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 **Magis Americas, Inc.'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 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 **Magis Americas, Inc.'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 **Magis Americas, Inc.'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.

Kositzka, Wicks and Company

Alexandria, Virginia
March 7, 2023

Magis Americas, Inc.

Statement of Financial Position June 30, 2021

Assets

Current assets

Cash and cash equivalents	\$ 679,826
Grants and contributions receivable, current	172,107
Prepaid expenses	<u>30,502</u>
	882,435

Other assets

Grants and contributions receivable	70,000
Deposit	7,950
Property and equipment, net	<u>3,654</u>
	81,604
Total assets	<u>\$ 964,039</u>

Liabilities and net assets

Current liabilities

Accounts payable and accrued expenses	\$ 231,926
Refundable advance and deferred event revenue	<u>74,883</u>
Total liabilities	306,809

Net assets

Without donor restrictions	401,666
With donor restrictions	<u>255,564</u>
Total net assets	657,230
Total liabilities and net assets	<u>\$ 964,039</u>

See accompanying notes and independent auditor's report.

Magis Americas, Inc.

Statement of Activities for the six months ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
Revenue			
Contributions	\$ 513,617	\$ 14,247	\$ 527,864
Fiscal sponsorship fee	12,836	-	12,836
Donated services	21,239	-	21,239
Net assets released from restrictions	70,602	(70,602)	-
	<u>618,294</u>	<u>(56,355)</u>	<u>561,939</u>
Expenses			
Program services	1,216,297	-	1,216,297
Management and general	103,123	-	103,123
Fundraising	39,695	-	39,695
	<u>1,359,115</u>	<u>-</u>	<u>1,359,115</u>
Change in net assets	(740,821)	(56,355)	(797,176)
Net assets, beginning of year	1,142,487	311,919	1,454,406
Net assets, end of year	<u>\$ 401,666</u>	<u>\$ 255,564</u>	<u>\$ 657,230</u>

See accompanying notes and independent auditor's report.

Magis Americas, Inc.

Statement of Functional Expenses for the six months ended June 30, 2021

	Program services	Management and general	Fundraising	Total
Expenses				
Personnel, salary and benefits	\$ 13,522	\$ 30,280	\$ 39,567	\$ 83,369
Grants to other organizations	1,200,275	-	-	1,200,275
Fundraising event	-	-	128	128
Professional fees	-	29,320	-	29,320
Rent and utilities	-	643	-	643
Conference and meetings	-	140	-	140
Marketing and communication	-	21,641	-	21,641
Office expenses	2,500	3,904	-	6,404
Bank and wire fees	-	16,713	-	16,713
Depreciation expense	-	482	-	482
Total expenses by function	\$ 1,216,297	\$ 103,123	\$ 39,695	\$ 1,359,115

See accompanying notes and independent auditor's report.

Magis Americas, Inc.

Statement of Cash Flows for the six months ended June 30, 2021

Cash flows from operating activities

Change in net assets	\$ (797,176)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	482
(Increase) decrease in operating assets	
Grants and contributions receivable	(102,107)
Deposit	(7,950)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	(26,058)
Net cash provided by operating activities	<u>(932,809)</u>

Net change in cash and cash equivalents

(932,809)

Cash and cash equivalents, beginning of year

1,612,635

Cash and cash equivalents, end of year

\$ 679,826

Supplemental disclosure of cash activity

Interest paid	\$ -
Income taxes paid	<u>\$ -</u>

See accompanying notes and independent auditor's report.

Magis Americas, Inc.

Notes to Financial Statements June 30, 2021

1. Organization

Magis Americas, Inc. (Magis Americas or the Organization) was designated in December 2005 as a 501(c)(3) nonprofit organization. Effective January 1, 2021, Magis Americas changed its fiscal year to end June 30. The mission of Magis Americas is to foster, support and accompany Jesuit partners in the Global South, especially in Latin America and the Caribbean, as they strive toward the construction of just, dignified and equitable societies. Magis Americas promotes sustainable and impactful responses to the injustices faced by those living at the margins. Revenue is generated through contributions and grants.

Program descriptions

Informed by the United Nations' Sustainable Development Goals and the Universal Apostolic Preferences of the Society of Jesus, Magis Americas envisions a world in which all people have their rights upheld, their dignity protected and the capacity to act as protagonists in their individual and communal development. This vision is implemented through mobilizing support for Jesuit education, migration, and ecology initiatives in the Global South, primarily Latin America and the Caribbean.

Magis Americas' international cooperation program works with overseas partners, primarily the Fe y Alegría network of schools and community centers, to identify local needs, develop proposals for funding, and submit these requests to US private donors, foundations, and corporations.

Projects and partnerships facilitated by Magis Americas are aimed at addressing at ensuring access to quality and inclusive public education, the right to migrate, and the protection of the environment.

2. Summary of significant accounting policies

Basis of accounting

The accompanying financial statements are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two categories as described below.

Net assets without donor restrictions are net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions are net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and cash equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds to be cash equivalents. Magis Americas is exposed to concentrations of credit and market risk through its cash and cash equivalents. Cash held in federally insured institutions may, at times, exceed federally insured limits. FDIC insurance on interest-bearing accounts is \$250,000 per depositor, per insured bank. At June 30, 2021, cash exceeded the FDIC limit by \$429,826; however, management does not believe the Organization is exposed to any substantial risk.

See independent auditor's report.

Magis Americas, Inc.

Notes to Financial Statements June 30, 2021

Receivables

Grants and contributions receivable are due between one and five years and are measured at net receivable value. Management considers past history, current economic conditions and overall viability of the third party to determine the potential for uncollectible accounts. No allowance for uncollectible accounts was recorded for the year ended June 30, 2021. Additionally, a discount on the grants receivables was not recorded due to the immaterial amount of discount calculated.

Property

Property over \$500 and with an estimated useful life in excess of one year is capitalized at cost or its estimated value at the date of donation. Depreciation is computed using the straight-line method over the useful life of the asset. Website costs are amortized at cost using the straight-line basis over three years.

Support and revenue recognition

Contributions and grants are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises 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 have been substantially met. In 2020, the Organization received \$20,000 to support an event that was delayed because of COVID-19. The event was held in 2022, but due to the uncertainty if the event would be cancelled, the payment was recorded as a refundable advance and included with refundable advances and deferred event revenue on the statement of financial position.

Sources of revenue from contracts with customers include an exchange element of tickets purchased for the Organization's annual special event, which is recognized at the point in time when the special event occurs. Because the event was delayed, the special event revenue was recorded as deferred event revenue and is included with refundable advances and deferred event revenue on the statement of financial position.

Additional contracts with customers include fiscal sponsorship fees. Magis Americas, Inc. receives contributions on behalf of other organizations and charges a fiscal sponsorship fee. Fees are recognized at a point in time, when the contributions are received.

Contributed services

Contributed legal services are provided by attorneys who advise the Organization on various administrative legal matters. Contributed legal services are used for management and general activities and are recognized at fair value based on current rates for similar legal services.

Compensated absences

Employees of Magis Americas are entitled to paid vacation depending on job classification, length of service and other factors. As of June 30, 2021, compensated absences of \$8,127 are included in accounts payable and accrued expenses in the accompanying statements of financial position.

Other financial assets and liabilities

Financial assets with carrying values approximating fair value include cash and cash equivalents, contributions and grants receivable. Financial liabilities with carrying values approximating fair value include accounts payable, accrued expenses and refundable advances. The carrying value of these financial assets and liabilities approximates fair value due to their short maturities and any associated interest rates approximate current market rates.

See independent auditor's report.

Magis Americas, Inc.

Notes to Financial Statements June 30, 2021

Functional classification of expenses

The costs of program and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses are charged to programs and supporting services based on specific identification or allocated based on time spent. Personnel, salary and benefits are allocated based on time spent.

Income taxes

Magis Americas, Inc. is exempt from federal and state income taxes (except taxes on unrelated business income) under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

The material jurisdictions subject to potential examination by taxing authorities include the U.S. and Virginia. Management does not believe that the ultimate outcome of any future examinations of open tax years will have a material impact on the Organization's results of operations. Tax years that remain subject to examination by the IRS are calendar years 2018, 2019, 2020 and fiscal year 2021. The Organization changed its year end from December 31 to June 30 in 2021.

Use of estimates

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 certain reported amounts of revenue and expenses during the reporting periods and reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Upcoming accounting pronouncements

The FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires not-for-profits (NFPs) to present contributed nonfinancial assets as a separate line item in the statement of activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services and unconditional promises of those assets. The ASU is effective for annual periods beginning after June 15, 2021 with a retroactive application. Management is assessing the impact that the standard will have on the financial statements.

The FASB has issued ASU 2016-02, which requires lessees to recognize on the balance sheet the assets and liabilities for the rights and obligations created by leases with terms greater than 12 months. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization plans to adopt the standard on its effective date, which for the Organization is July 1, 2022. Management is assessing the impact that the standard will have on the financial statements.

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) 2016-13 which adopts the current expected credit loss (CECL) model. The CECL model requires a financial asset or a group of financial assets (including trade receivables, contract assets, lease receivables, financial guarantees, loans and loan commitments, and held-to-maturity debt securities) measured at amortized cost basis to be presented at the net amount expected to be collected. The income statement will reflect the measurement of credit losses for newly recognized financial assets, as well as the increases or decreases of expected credit losses that have taken place during the period. ASU 2016-13 is effective for annual reporting periods beginning after December 15, 2022 and the Organization plans to adopt this standard on its effective date, July 1, 2023. Management is assessing the impact that the standard will have on the financial statements.

See independent auditor's report.

Magis Americas, Inc.

Notes to Financial Statements June 30, 2021

3. Property and equipment

Property and equipment consisted of the following at June 30, 2021:

		<u>Useful life</u>
Furniture and fixtures	\$ 10,676	5 - 7 years
Web development	17,000	3 years
	<u>27,676</u>	
Accumulated depreciation	(7,022)	
Accumulated amortization	<u>(17,000)</u>	
	<u>\$ 3,654</u>	

Depreciation and amortization expense for the year ended June 30, 2021 was \$482.

4. Contributions and grants receivable

The summary of contributions and grants receivable as of June 30, 2021 were as follows:

Contributions and grants due in	
Less than one year	\$ 172,107
Due in two years	70,000
	<u>\$ 242,107</u>

5. Liquidity and availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, include the following assets at June 30, 2021:

Cash and cash equivalents	\$ 679,826
Grants and contributions receivable, current	172,107
	<u>851,933</u>
Less amounts restricted by donors or time	<u>(255,564)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 596,369</u>

As part of the Magis' liquidity plan, excess cash is kept in the bank which can be used as needed.

See independent auditor's report.

Magis Americas, Inc.

Notes to Financial Statements June 30, 2021

6. Net assets with donor restrictions

Magis Americas, Inc. received contributions in support of specific programs for the six months ended June 30, 2021. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as of June 30, 2021:

	December 31, 2020	Additions	Releases	June 30, 2021
Time restricted	\$ 272,277	\$ -	\$ (38,860)	\$ 233,417
Purpose restricted				
Fe y Alegria - Venezuela	37,982	14,247	(30,082)	22,147
FIFyA - AUSJAL	1,660	-	(1,660)	-
	<u>\$ 311,919</u>	<u>\$ 14,247</u>	<u>\$ (70,602)</u>	<u>\$ 255,564</u>

7. Commitments

Jesuit Conference

Magis signed a MOU agreement with the Jesuit Conference to provide HR and payroll services for approximately \$833 a month.

We Work office space

In June 2021, Magis Americas signed a 24 month lease agreement with We Work in Washington, D.C. The Organization paid \$7,950 as a deposit and payments are approximately \$3,000 per month. The following table represents the future minimum payments for the fiscal years:

June 30, 2022	\$ 28,689
June 30, 2023	33,231
	<u>\$ 61,920</u>

8. Subsequent events

Magis Americas, Inc. assessed events occurring subsequent to June 30, 2021 through March 7, 2023, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements.

No other events occurred during that time period that would require adjustment to or disclosure in the financial statements.

See independent auditor's report.