

MAGIS AMERICAS, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2020



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 December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 December 31, 2020, and the changes in their net assets and their cash flows for the year 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 3, 2023

Magis Americas, Inc.

Statement of Financial Position December 31, 2020

Assets

Current assets

Cash and cash equivalents	\$ 1,612,635
Grants and contributions receivable, current	70,000
Prepaid expenses	<u>30,502</u>
	1,713,137

Other assets

Grants and contributions receivable	70,000
Property and equipment, net	<u>4,136</u>
	74,136
Total assets	<u>\$ 1,787,273</u>

Liabilities and net assets

Current liabilities

Accounts payable and accrued expenses	\$ 257,984
Refundable advance and deferred event revenue	<u>74,883</u>
Total liabilities	332,867

Net assets

Without donor restrictions	1,142,487
With donor restrictions	<u>311,919</u>
Total net assets	1,454,406
Total liabilities and net assets	<u>\$ 1,787,273</u>

See accompanying notes and independent auditor's report.

Magis Americas, Inc.

Statement of Activities for the year ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenue			
Contributions	\$ 1,316,618	\$ 438,459	\$ 1,755,077
Fiscal sponsorship fee	111,531	-	111,531
Contributed services	37,825	-	37,825
SBA Paycheck Protection Program forgiveness	18,300	-	18,300
Net assets released from restrictions	126,540	(126,540)	-
	<u>1,610,814</u>	<u>311,919</u>	<u>1,922,733</u>
Expenses			
Program services	908,397	-	908,397
Management and general	294,388	-	294,388
Fundraising	18,721	-	18,721
	<u>1,221,506</u>	<u>-</u>	<u>1,221,506</u>
Change in net assets	389,308	311,919	701,227
Net assets, beginning of year	753,179	-	753,179
Net assets, end of year	<u>\$ 1,142,487</u>	<u>\$ 311,919</u>	<u>\$ 1,454,406</u>

See accompanying notes and independent auditor's report.

Magis Americas, Inc.

Statement of Functional Expenses for the year ended December 31, 2020

	Program services	Management and general	Fundraising	Total
Expenses				
Personnel, salary and benefits	\$ -	\$ 194,103	\$ -	\$ 194,103
Grants to other organizations	908,397	-	-	908,397
Fundraising event	-	-	18,721	18,721
Professional fees	-	58,855	-	58,855
Rent and utilities	-	11,035	-	11,035
Conference and meetings	-	2,516	-	2,516
Marketing and communication	-	9,476	-	9,476
Office expenses	-	8,075	-	8,075
Miscellaneous expenses	-	9,644	-	9,644
Depreciation expense	-	684	-	684
Total expenses by function	\$ 908,397	\$ 294,388	\$ 18,721	\$ 1,221,506

See accompanying notes and independent auditor's report.

Magis Americas, Inc.

Statement of Cash Flows for the year ended December 31, 2020

Cash flows from operating activities

Change in net assets	\$ 701,227
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	684
(Increase) decrease in operating assets	
Grants and contributions receivable	(100,552)
Prepaid expenses	(30,502)
Increase (decrease) in operating liabilities	
Accounts payable and accrued expenses	255,733
Refundable advance and deferred event revenue	74,883
Net cash provided by operating activities	<u>901,473</u>

Cash flows from investing activities

Purchase of property and equipment	<u>(4,820)</u>
Net cash used in investing activities	<u>(4,820)</u>

Net change in cash and cash equivalents

896,653

Cash and cash equivalents, beginning of year

715,982

Cash and cash equivalents, end of year

\$ 1,612,635

Supplemental disclosure of cash activity

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

See accompanying notes and independent auditor's report.

Magis Americas, Inc.

Notes to Financial Statements December 31, 2020

1. Organization

Magis Americas, Inc. (“Magis Americas”) was designated in December 2005 as a 501(c)(3) nonprofit organization. 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 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 December 31, 2020, cash exceeded the FDIC limit by \$1,362,635; 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 December 31, 2020

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 December 31, 2020. 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 December 31, 2020, compensated absences of \$8,310 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 December 31, 2020

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.

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 Washington, D.C. 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 fiscal years 2017 through 2020.

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 December 31, 2020

3. Property and equipment

Property and equipment consisted of the following at December 31, 2020:

Furniture and fixtures	\$ 10,676	<u>Useful life</u> 5 - 7 years
Web development	17,000	3 years
	<u>27,676</u>	
Accumulated depreciation	(6,540)	
Accumulated amortization	<u>(17,000)</u>	
	<u>\$ 4,136</u>	

Depreciation and amortization expense for the year ended December 31, 2020 was \$684.

4. Contributions and grants receivable

The summary of contributions and grants receivable as of December 31, 2020 were as follows:

Contributions due in	
Less than one year	\$ 70,000
Due in two years	70,000
	<u>\$ 140,000</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 December 31, 2020:

Cash and cash equivalents	\$ 1,612,635
Grants and contributions receivable, current	70,000
	<u>1,682,635</u>
Less amounts restricted by donors or time	<u>(311,919)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,370,716</u>

As part of the Magis Americas' 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 December 31, 2020

6. Net assets with donor restrictions

Magis Americas, Inc. received contributions in support of specific programs for the year ended December 31, 2020. Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose as of December 31, 2020:

	2019	Additions	Releases	2020
Time restricted	\$ -	\$ 370,000	\$ (97,723)	\$ 272,277
Purpose restricted				
Fe y Alegria - Brasil	-	15,000	(15,000)	-
Fe y Alegria - Venezuela	-	51,799	(13,817)	37,982
FIFyA - AUSJAL	-	1,660	-	1,660
	<u>\$ -</u>	<u>\$ 438,459</u>	<u>\$ (126,540)</u>	<u>\$ 311,919</u>

7. Commitments

Jesuit Conference

Magis Americas signed a MOU agreement with the Jesuit Conference to provide finance and HR services, payroll services, and office space. The payment term for the office space was \$1,000 and for financial services provided \$1,500 on a monthly basis. Payroll services annually to total \$115,961. The MOU began in 2019 and was automatically extended through June 30, 2020. Due to the COVID-19 pandemic, the agreement was modified effective July 1, 2020, removing the bookkeeping services and office space.

For the year ended December 31, 2020, Magis Americas paid \$9,000 in rent (included with rent and utilities), \$107,166 in payroll services (included with personnel, salary and benefits), and \$10,165 in financial services (included with professional fees).

8. SBA Paycheck Protection Program

Under the "Coronavirus Aid, relief, and Economic Security (CARES) Act" funds were appropriated for the SBA Paycheck Protection Program (PPP) loans that are forgivable in certain situations to promote continued employment. Magis Americas received \$18,300 in April 2020 through the SBA Paycheck Protection Program. The loan was fully forgiven and is included on the statement of activities for the year ended December 31, 2020.

9. Subsequent events

Magis Americas, Inc. assessed events occurring subsequent to December 31, 2020 through March 3, 2023, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. Subsequent to the year end, the Organization changed its year end to June 30, effective in 2021.

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

See independent auditor's report.