

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
HUMAN TRAFFICKING INSTITUTE, INC.
Fairfax, VA

We have audited the accompanying financial statements of Human Trafficking Institute, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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INDEPENDENT AUDITOR'S REPORT**

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Human Trafficking Institute, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Fitzgerald & Co., CPAs, P.C.

Vienna, Virginia

February 5, 2021

Human Trafficking Institute, Inc.
Statement of Financial Position
For the Year Ended December 31, 2019

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,373,581
Account receivable	5,184
Pledge receivable - net	<u>703,685</u>
Total current assets	<u>2,082,450</u>

PROPERTY AND EQUIPMENT:

Furniture and fixtures	14,002
Vehicles	<u>62,628</u>
	76,630
Less: Accumulated depreciation and amortization	<u>(12,277)</u>
Property and equipment, net	<u>64,353</u>

OTHER ASSETS

Pledge receivable - net	259,776
Security deposits	<u>20,920</u>
	<u>280,696</u>

Total assets	<u><u>\$ 2,427,499</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 21,675
Deferred rent	<u>8,027</u>
Total current liabilities	29,702

LONG-TERM LIABILITIES:

Deferred rent	<u>49,865</u>
Total long-term liabilities	<u>49,865</u>
Total liabilities	<u>79,567</u>

NET ASSETS

Without donor restrictions	1,382,198
With donor restrictions	<u>965,734</u>
Total net assets	<u>2,347,932</u>

Total liabilities and net assets	<u><u>\$ 2,427,499</u></u>
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Human Trafficking Institute, Inc.
Statement of Activities
For the Year Ended December 31, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
SUPPORT AND REVENUE:			
Direct public support	\$ 704,597	\$ 614,070	\$ 1,318,667
Indirect public support	125,287	-	125,287
Private foundation	9,511	-	9,511
Interest income	5,819	-	5,819
Other income, net	49,762	-	49,762
Net assets released from restrictions	1,068,836	(1,068,836)	-
Total support and revenue	<u>1,963,812</u>	<u>(454,766)</u>	<u>1,509,046</u>
EXPENSES:			
Program services	1,845,823	-	1,845,823
General and administrative	268,459	-	268,459
Fundraising	73,127	-	73,127
Total expenses	<u>2,187,409</u>	<u>-</u>	<u>2,187,409</u>
CHANGE IN NET ASSETS	(223,597)	(454,766)	(678,363)
NET ASSETS, BEGINNING OF YEAR	<u>1,605,795</u>	<u>1,420,500</u>	<u>3,026,295</u>
NET ASSETS, END OF YEAR	<u>\$ 1,382,198</u>	<u>\$ 965,734</u>	<u>\$ 2,347,932</u>

Human Trafficking Institute, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	General and Administrative	Fundraising	Total
Salaries benefits and payroll taxes	\$ 1,268,654	\$ 66,938	\$ 34,270	\$ 1,369,862
Travel and training	250,931	18,919	9,442	279,292
Consultants	75,494	2,581	-	78,075
Events	46,350	-	20,304	66,654
General Support	148,245	-	-	148,245
Occupancy	27,024	104,177	-	131,201
Office expenses and supplies	26,918	18,678	-	45,596
Information technology	-	19,420	-	19,420
Depreciation	2,207	7,925	-	10,132
Professional services	-	29,821	9,111	38,932
	<u>\$ 1,845,823</u>	<u>\$ 268,459</u>	<u>\$ 73,127</u>	<u>\$ 2,187,409</u>

Human Trafficking Institute, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (678,363)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	10,132
Pledge discount earned	(49,725)
Changes in assets and liabilities affecting operations:	
Accounts receivable	12,248
Promise to give	506,764
Accounts payable and accrued expenses	(14,987)
Deferred rent	31,551
Net cash provided by operating activities	<u>(182,380)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	<u>(52,727)</u>
	<u>(52,727)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(235,107)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,608,688</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,373,581</u>