

Transitions Global

**Financial Statements
December 31, 2014 and 2013 and
Independent Auditors' Report**

TRANSITIONS GLOBAL
DECEMBER 31, 2014 AND 2013

Contents

	<u>Page(s)</u>
Independent Auditors' Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4 – 5
Statements of Cash Flows	6
Notes to Financial Statements	7 – 9



Independent Auditors' Report

To the Board of Trustees
Transitions Global
Cincinnati, Ohio

We have audited the accompanying financial statements of Transitions Global (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Transitions Global as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Transitions Global ceased its operations and transferred its assets to Hope for Justice, a separate not-for-profit organization, to help further its mission and purpose. Our opinion is not modified with respect to that matter

Barnes, Dennig & Co., Ltd.

March 16, 2015
Cincinnati, Ohio

TRANSITIONS GLOBAL

Statements of Financial Position December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Cash and cash equivalents	\$ -	\$ 103,602
Property and equipment, net	-	19,444
Deposits	<u>-</u>	<u>3,640</u>
 Total assets	<u><u>\$ -</u></u>	<u><u>\$ 126,686</u></u>
 Unrestricted net assets	<u><u>\$ -</u></u>	<u><u>\$ 126,686</u></u>

See accompanying notes to financial statements

TRANSITIONS GLOBAL

Statements of Activities Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenues and other support		
Contributions	\$ 349,232	\$ 436,161
Other income	<u>22</u>	<u>998</u>
Total revenues and other support	<u>349,254</u>	<u>437,159</u>
Expenses		
Program	430,432	415,981
Management and general	43,939	35,033
Fundraising	<u>1,569</u>	<u>33,876</u>
Total expenses	<u>475,940</u>	<u>484,890</u>
Change in net assets	(126,686)	(47,731)
Unrestricted net assets, beginning of year	<u>126,686</u>	<u>174,417</u>
Unrestricted net assets, end of year	<u><u>\$ -</u></u>	<u><u>\$ 126,686</u></u>

See accompanying notes to financial statements

TRANSITIONS GLOBAL

Statement of Functional Expenses Year Ended December 31, 2014

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 138,612	\$ 19,392	\$ -	\$ 158,004
Occupancy	69,366	-	-	69,366
Contribution to Hope for Justice	67,467	-	-	67,467
Direct care	44,454	-	-	44,454
Conferences and travel	31,661	-	-	31,661
Advertising and fundraising	22,500	-	672	23,172
Purchased services	-	19,162	-	19,162
Employee benefits	16,442	2,674	-	19,116
Office supplies and equipment	16,592	-	-	16,592
Vocational	6,601	-	-	6,601
Education	5,876	-	-	5,876
Social work	4,764	-	-	4,764
Miscellaneous expenses	599	2,581	897	4,077
Depreciation	2,549	-	-	2,549
Family outreach	2,148	-	-	2,148
Payroll taxes	801	130	-	931
	<u>\$ 430,432</u>	<u>\$ 43,939</u>	<u>\$ 1,569</u>	<u>\$ 475,940</u>

See accompanying notes to financial statements

TRANSITIONS GLOBAL

Statement of Functional Expenses Year Ended December 31, 2013

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 187,677	\$ 11,457	\$ 15,600	\$ 214,734
Occupancy	74,137	50	1,198	75,385
Direct care	46,686	-	-	46,686
Conferences and travel	32,720	152	215	33,087
Advertising and fundraising	-	-	6,658	6,658
Purchased services	1,488	14,569	2,622	18,679
Employee benefits	16,400	2,281	3,507	22,188
Office supplies and equipment	1,914	3,586	1,500	7,000
Vocational	14,261	-	-	14,261
Education	8,725	-	-	8,725
Social work	9,784	-	-	9,784
Miscellaneous expenses	4,413	2,299	1,425	8,137
Depreciation	5,175	-	-	5,175
Family outreach	7,200	-	-	7,200
Payroll taxes	5,401	639	1,151	7,191
	<u>\$ 415,981</u>	<u>\$ 35,033</u>	<u>\$ 33,876</u>	<u>\$ 484,890</u>

See accompanying notes to financial statements

TRANSITIONS GLOBAL

Statements of Cash Flows Years Ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Change in net assets	\$ (126,686)	\$ (47,731)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Noncash contribution to Hope for Justice	13,217	-
Loss on disposal of assets	7,318	-
Depreciation	2,549	5,175
Change in:		
Prepaid expenses and other assets	<u>-</u>	<u>(140)</u>
Net cash used in operating activities	<u>(103,602)</u>	<u>(42,696)</u>
Cash and cash equivalents, beginning of year	<u>103,602</u>	<u>146,298</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>	<u><u>\$ 103,602</u></u>

See accompanying notes to financial statements

TRANSITIONS GLOBAL

Notes to Financial Statements

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Transitions Global (Transitions) was established to help girls transition, through the power of a dream, from darkness to light, from victim to survivor. Transitions provided comprehensive restorative aftercare for girls rescued from sex trafficking. Transitions had also developed a rigorous monitoring and evaluation program for measuring success in working with survivors, as well as beginning the process of migrating to an electronic case management system.

Effective December 31, 2014, Transitions ceased its operations transferred its assets to Hope for Justice to help further its mission and purpose. The transfer of these assets was recognized as a contribution expense on the 2014 statement of activities for \$67,467. Additionally, Hope for Justice assumed any liabilities and commitments of Transitions outstanding as of December 31, 2014, which includes future payments on Transitions' lease commitment through its expiration date (see Note 3).

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Transitions is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restriction; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restriction which do not expire. There were no temporarily or permanently restricted net assets at December 31, 2014 and 2013.

Cash and Cash Equivalents

Transitions considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2014 and 2013, cash equivalents consisted primarily of money market deposit accounts. Transitions maintains cash in bank deposit accounts which, at times, exceed federally insured limits. Transitions has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Property and Equipment

Transitions records property and equipment at cost or fair value at the time of the gift in the case of donated items. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. The cost of maintenance and repairs is expensed as incurred while significant improvements are capitalized.

Contributions

Transitions records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

TRANSITIONS GLOBAL

Notes to Financial Statements (Continued)

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long-lived assets must be maintained, Transitions reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, Transitions is subject to federal income tax on any unrelated business taxable income.

The Organization's IRS Form 990 is subject to review and examination by federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements. The Organization is generally no longer subject to examinations by tax authorities for years before 2011.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses have been classified based upon the actual direct expenditures and cost allocations based upon estimates of time spent by Transitions personnel.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Event Evaluation

In preparing the financial statements, Transitions evaluates events subsequent to the statement of financial position date through March 16, 2015, which is the date the financial statements were available to be issued.

TRANSITIONS GLOBAL

Notes to Financial Statements (Continued)

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2014 and 2013 consisted of the following:

	2014	2013
Office equipment	\$ -	\$ 5,532
Furniture and fixtures	-	9,322
Leasehold improvements	-	18,264
Vehicles	-	2,180
	-	35,298
Less accumulated depreciation	-	15,854
	<u>\$ -</u>	<u>\$ 19,444</u>

As described in Note 1, Transitions transferred all assets to Hope for Justice as of December 31, 2014 to help further its mission and purpose.

NOTE 3 LEASE COMMITMENTS

Transitions entered into non-cancelable operating lease agreements with respect to two Cambodian facilities, which expire at various dates through August 2015. Rent expense was \$29,250 and \$26,110 for the year ended December 31, 2014 and 2013.

As described in Note 1, Hope for Justice assumed all liabilities and commitments of Transitions as of December 31, 2014.

NOTE 4 SIGNIFICANT CONCENTRATIONS

GAAP requires disclosure of current vulnerabilities due to certain concentrations. Approximately 64% and 46% of all contributions were received from four and five donors in 2014 and 2013, respectively.