

Nashville Anti-Human Trafficking Coalition, Inc.

Financial Statements
For the Year Ended December 31, 2021

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Independent Auditor's Report

Board of Directors
Nashville Anti-Human Trafficking Coalition, Inc.

Opinion

We have audited the accompanying financial statements of Nashville Anti-Human Trafficking Coalition, Inc. (the Coalition), which comprise the statement of financial position as of December 31, 2021, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Coalition as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Coalition 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 the Coalition'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 GAAS 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 GAAS, 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 the Coalition'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 the Coalition'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.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Mt. Juliet, Tennessee
February 22, 2022

Nashville Anti-Human Trafficking Coalition, Inc.

Statement of Financial Position

December 31, 2021

Assets

Current assets

Cash	\$ 507,004
Contributions receivable	22,903
Prepaid expenses and other current assets	<u>8,138</u>
Total current assets	538,045

Property and equipment, net

16,943

Other assets

1,147

Total assets

\$ 556,135

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 825
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Net assets

Without donor restrictions	530,310
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With donor restrictions	<u>25,000</u>
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Total net assets	<u>555,310</u>
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Total liabilities and net assets

\$ 556,135

Nashville Anti-Human Trafficking Coalition, Inc.

Statement of Activities

For the Year Ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Support and Revenues			
Contributions	\$ 474,042	\$ 25,900	\$ 499,942
Special events, net of direct benefit to donors of \$31,979	347,021	-	347,021
Merchandise sales	6,664	-	6,664
Miscellaneous revenues	9,846	-	9,846
Net assets released from restriction	900	(900)	-
Total support and revenues	838,473	25,000	863,473
Expenses			
Program services	220,291	-	220,291
Supporting services			
Management and general	150,535	-	150,535
Fundraising	86,298	-	86,298
Total expenses	457,124	-	457,124
Change in net assets	381,349	25,000	406,349
Net assets, beginning of year	148,961	-	148,961
Net assets, end of year	\$ 530,310	\$ 25,000	\$ 555,310

Nashville Anti-Human Trafficking Coalition, Inc.

Statement of Functional Expenses For the Year Ended December 31, 2021

	Program services						
	Rescue	Restore	Other programs	Total program services	Management and general	Fundraising	Total
Salaries and wages	\$ 49,691	\$ 58,400	\$ -	\$ 108,091	\$ 109,363	\$ 72,377	\$ 289,831
Depreciation	-	-	-	-	2,402	-	2,402
Facilities	19,814	780	780	21,374	2,340	-	23,714
Marketing	-	-	-	-	-	10,569	10,569
Office expense	2,838	1,745	2,281	6,864	8,197	877	15,938
Printing and postage	1,394	1,359	1,359	4,112	4,077	1,381	9,570
Professional fees	2,912	2,912	2,912	8,736	9,449	-	18,185
Program classes	-	8,024	-	8,024	-	-	8,024
Survivor care	11,934	1,303	-	13,237	-	-	13,237
Technology	1,273	1,273	1,273	3,819	3,817	-	7,636
Training and development	1,548	1,478	4,085	7,111	7,313	-	14,424
Transitional housing	31,588	9	-	31,597	-	-	31,597
Travel	2,780	4,546	-	7,326	3,577	1,094	11,997
	\$ 125,772	\$ 81,829	\$ 12,690	\$ 220,291	\$ 150,535	\$ 86,298	\$ 457,124

Nashville Anti-Human Trafficking Coalition, Inc.

Statement of Cash Flows For the Year Ended December 31, 2021

Cash, beginning of year	\$ 144,357
Cash flows from operating activities	
Change in net assets	406,349
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	2,402
Forgiveness of PPP loan	(8,500)
Contributions restricted for purchase of property and equipment	(25,000)
Change in:	
Contributions receivable	(11,308)
Prepaid expenses and other current assets	(9,285)
Accounts payable	<u>(3,781)</u>
Net cash provided (used) by operating activities	350,877
Cash flows from investing activities	
Purchase of property and equipment	(13,230)
Cash flows from financing activities	
Collections of contributions restricted for purchase of property and equipment	25,000
Net change in cash	<u>362,647</u>
Cash, end of year	\$ 507,004

Nashville Anti-Human Trafficking Coalition, Inc.

Notes to Financial Statements For the Year Ended December 31, 2021

Note 1. Summary of Significant Accounting Policies

Nature of Organization

Nashville Anti-Human Trafficking Coalition, Inc. (the Coalition) is a nonprofit dedicated to helping victims of human trafficking become survivors by inspiring hope that leads to lasting emotional, spiritual, and financial freedom.

Basis of Accounting

The financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP).

Use of Estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Financial Statement Presentation

Financial statement presentation is reported in accordance with the Financial Accounting Standards Board Accounting Standards Codification for *Presentation of Financial Statements, Not-for-Profit Entities*. Under these provisions, net assets and revenues, gains, and losses are classified based on the absence or existence and nature of donor-imposed restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Coalition. These net assets may be used at the discretion of the Coalition’s management and the Board of Advisors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Coalition or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash

The Coalition defines its cash to include only amounts held in banks. There were no cash equivalents at December 31, 2021.

Property and Equipment and Depreciation

Property and equipment are recorded at acquisition cost, if purchased, or the fair value on the date received, if donated. The cost of routine maintenance and repairs is expensed as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 15 years.

Nashville Anti-Human Trafficking Coalition, Inc.

Notes to Financial Statements For the Year Ended December 31, 2021

Note 1. **Summary of Significant Accounting Policies**

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Organization received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). GAAP provides organizations with two alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; or 2) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived. The Organization elected to treat the PPP loan as *debt* as of December 31, 2020.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Functional Expenses

The costs of providing program services and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis. All allocations in the statement of functional expenses are based on management's estimate of time and effort spent.

Income Taxes

The Coalition is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code except on net income derived from unrelated business activities. Accordingly, no provision for income tax has been made. US GAAP requires the Coalition's management to evaluate tax positions taken by the Coalition and recognize a tax liability (or an asset) if the Coalition has taken an uncertain position that more likely than not would not be sustained upon examinations by the Internal Revenue Service. Management has analyzed the tax positions of the Coalition and has concluded that, as of December 31, 2021, no uncertain positions have been taken or are expected to be taken that would require recognition of a liability (or an asset) or disclosure in the financial statements. The Coalition is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Nashville Anti-Human Trafficking Coalition, Inc.

Notes to Financial Statements For the Year Ended December 31, 2021

Note 2. **Availability and Liquidity**

The following represents the Coalition's financial assets at December 31, 2021:

Financial assets	
Cash	\$ 507,004
Contributions receivable	22,903
Prepaid expenses and other current assets	<u>8,138</u>
Total financial assets	538,045
Less: amounts not available to be used within one year	
Net assets with donor restrictions	<u>(25,000)</u>
Financial assets available to meet general expenditures within the next 12 months	\$ 513,045

As part of the Coalition's liquidity management, it has a policy to structure its financial assets to be available to meet its general expenditures, liabilities, and other obligations become due.

Note 3. **Concentrations**

The Coalition maintains its cash in bank accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2021, cash in excess of FDIC limit amounts was approximately \$257,000. The Coalition has not experienced any losses in such accounts.

Note 4. **Property and Equipment**

A summary of property and equipment at December 31, 2021, is as follows:

Furniture and equipment	\$ 14,942
Leasehold improvements	<u>4,750</u>
	19,692
Less: accumulated depreciation	<u>(2,749)</u>
	\$ 16,943

Depreciation for the year ended December 31, 2021 was \$2,402.

Note 5. **PPP Loan**

On April 29, 2020, the Coalition received a loan in the amount of \$8,500 in accordance with the PPP section of the CARES Act. The Coalition received forgiveness of this loan on June 23, 2021, and has recorded this amount in miscellaneous revenues.

Nashville Anti-Human Trafficking Coalition, Inc.

Notes to Financial Statements For the Year Ended December 31, 2021

Note 6. **Net Assets with Donor Restrictions**

Net assets with donor restrictions, earmarked by donors for the purchase of a vehicle, totaled \$25,000 at December 31, 2021.

Note 7. **Leases and Related Parties**

The Coalition entered into a lease agreement with an organization owned by a board member for office space located in Nashville, Tennessee. The five-year lease commenced on December 15, 2021 and contains both renewal options and an option to purchase. During the initial lease term, the Coalition is eligible to purchase the facility for \$1,964,000. If the renewal option is exercised, then the purchase price shall be \$2,160,000. Rent expense associated with this related party lease for the year ended December 31, 2021, was \$2,500.

Future minimum lease commitments at December 31, 2021 are as follows:

Year ended December 31,		
2022	\$	60,000
2023		60,000
2024		60,000
2025		60,000
2026		60,000
	\$	<u>300,000</u>

Note 8. **Subsequent Events**

Management has evaluated subsequent events through February 22, 2022, the date on which the financial statements were available for issuance.