
**COALITION AGAINST TRAFFICKING
IN WOMEN**

Financial Statements

For the years ended December 31, 2015 and 2014

COALITION AGAINST TRAFFICKING IN WOMEN

Financial Statements

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December 31, 2015 and 2014

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NCheng LLP

accountants and advisors

40 Wall Street, 32nd Floor
New York, NY 10005
T 212 785 0100
F 212 785 9168
www.ncheng.com

Independent Auditor's Report

To the Board of Directors of
Coalition Against Trafficking in Women

We have audited the accompanying financial statements of Coalition Against Trafficking in Women, which comprise the statement of financial position as of December 31, 2015, 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 the 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 Coalition Against Trafficking in Women as of December 31, 2015, 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.

Prior period financial statements

The financial statements of Coalition Against Trafficking in Women as of December 31, 2014, were audited by other auditors whose report dated June 30, 2015, expressed an unmodified opinion on those statements.

NCHang LLP

New York, New York
June 10, 2016

COALITION AGAINST TRAFFICKING IN WOMEN**Statements of Financial Position**

As of December 31,

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| <u>Assets</u> | | |
| Cash | \$ 264,575 | \$ 215,128 |
| Contributions receivable | 140,000 | 245,750 |
| Prepaid expenses | 10,171 | 9,391 |
| Fixed assets, net of accumulated depreciation of \$31,125 (2015) and \$52,847 (2014) | 10,961 | 27,474 |
| Security deposit | <u>18,903</u> | <u>16,372</u> |
| Total assets | <u>\$ 444,610</u> | <u>\$ 514,115</u> |
| <u>Liabilities and net assets</u> | | |
| Liabilities | | |
| Accounts and accrued expenses payable | \$ 14,092 | \$ 27,995 |
| Obligation on capital lease – Note 8 | <u>4,974</u> | <u>6,039</u> |
| Total liabilities | <u>19,066</u> | <u>34,034</u> |
| Net assets | | |
| Unrestricted | 163,669 | 161,824 |
| Temporarily restricted – Note 9 | <u>261,875</u> | <u>318,257</u> |
| Total net assets | <u>425,544</u> | <u>480,081</u> |
| Total liabilities and net assets | <u>\$ 444,610</u> | <u>\$ 514,115</u> |

The accompanying notes are an integral part of these statements.

COALITION AGAINST TRAFFICKING IN WOMEN**Statement of Activities**

For the year ended December 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| <u>Revenue and support</u> | | | |
| Contributions | \$ 186,097 | \$ 548,633 | \$ 734,730 |
| Interest income | 20 | | 20 |
| Net assets released from restrictions | <u>605,015</u> | <u>(605,015)</u> | <u> </u> |
| Total revenue and support | <u>791,132</u> | <u>(56,382)</u> | <u>734,750</u> |
| <u>Expenses</u> | | | |
| Program services | | | |
| | <u>616,319</u> | | <u>616,319</u> |
| Supporting services | | | |
| Management and general | 89,778 | | 89,778 |
| Fund raising | <u>83,190</u> | | <u>83,190</u> |
| Total supporting services | <u>172,968</u> | | <u>172,968</u> |
| Total expenses | <u>789,287</u> | | <u>789,287</u> |
| Change in net assets | 1,845 | (56,382) | (54,537) |
| Net assets, beginning of year | <u>161,824</u> | <u>318,257</u> | <u>480,081</u> |
| Net assets, end of year | <u>\$ 163,669</u> | <u>\$ 261,875</u> | <u>\$ 425,544</u> |

The accompanying notes are an integral part of these statements.

COALITION AGAINST TRAFFICKING IN WOMEN**Statement of Activities**

For the year ended December 31, 2014

| | <u>Unrestricted</u> | <u>Temporarily restricted</u> | <u>Total</u> |
|---------------------------------------|---------------------|-----------------------------------|-------------------|
| <u>Revenue and support</u> | | | |
| Contributions | \$ 609,198 | \$ 462,620 | \$ 1,071,818 |
| Donated services | 123,468 | | 123,468 |
| Interest income | 18 | | 18 |
| Net assets released from restrictions | <u>234,363</u> | <u>(234,363)</u> | <u>-</u> |
| Total revenue and support | <u>967,047</u> | <u>228,257</u> | <u>1,195,304</u> |
| <u>Expenses</u> | | | |
| Program services | <u>774,741</u> | | <u>774,741</u> |
| Supporting services | | | |
| Management and general | 70,126 | | 70,126 |
| Fund raising | <u>77,099</u> | | <u>77,099</u> |
| Total supporting services | <u>147,225</u> | | <u>147,225</u> |
| Total expenses | <u>921,966</u> | | <u>921,966</u> |
| Change in net assets | 45,081 | 228,257 | 273,338 |
| Net assets, beginning of year | <u>116,743</u> | <u>90,000</u> | <u>206,743</u> |
| Net assets, end of year | <u>\$ 161,824</u> | <u>\$ 318,257</u> | <u>\$ 480,081</u> |

The accompanying notes are an integral part of these statements.

COALITION AGAINST TRAFFICKING IN WOMEN**Statement of Functional Expenses**

For the year ended December 31, 2015

| | <u>Program services</u> | <u>Management and general</u> | <u>Fund raising</u> | <u>Total</u> |
|-----------------------------------|-----------------------------|-----------------------------------|-------------------------|-------------------|
| Salaries | \$ 174,340 | \$ 35,831 | \$ 40,511 | \$ 250,682 |
| Employee benefits | 22,984 | 4,723 | 5,340 | 33,047 |
| Payroll taxes | <u>13,793</u> | <u>2,835</u> | <u>3,205</u> | <u>19,833</u> |
| Total personnel costs | 211,117 | 43,389 | 49,056 | 303,562 |
| Coalition project support | | | | |
| Latin America, Africa, South East | | | | |
| Europe, Asia-Pacific and USA | 178,136 | | | 178,136 |
| Communications | 3,794 | 780 | 882 | 5,456 |
| Human rights advocacy | 66,141 | | | 66,141 |
| Board meeting | | 16,193 | | 16,193 |
| Insurance | 3,268 | 672 | 759 | 4,699 |
| Occupancy | 40,652 | 8,356 | 9,446 | 58,454 |
| Postage and shipping | 769 | 158 | 179 | 1,106 |
| Printing and publications | 2,620 | 539 | 609 | 3,768 |
| Professional services | 59,621 | 12,255 | 13,853 | 85,729 |
| Supplies | 33,156 | 6,814 | 7,704 | 47,674 |
| Travel | 14,020 | | | 14,020 |
| Website | 428 | 88 | 99 | 615 |
| Depreciation | <u>2,597</u> | <u>534</u> | <u>603</u> | <u>3,734</u> |
| Total expenses | <u>\$ 616,319</u> | <u>\$ 89,778</u> | <u>\$ 83,190</u> | <u>\$ 789,287</u> |

The accompanying notes are an integral part of these statements.

COALITION AGAINST TRAFFICKING IN WOMEN**Statement of Functional Expenses**

For the year ended December 31, 2014

| | <u>Program services</u> | <u>Management and general</u> | <u>Fund raising</u> | <u>Total</u> |
|-----------------------------------|-----------------------------|-----------------------------------|-------------------------|-------------------|
| Salaries | \$ 159,248 | \$ 37,618 | \$ 45,963 | \$ 242,829 |
| Employee benefits | 18,049 | 4,264 | 5,209 | 27,522 |
| Payroll taxes | <u>11,962</u> | <u>2,826</u> | <u>3,452</u> | <u>18,240</u> |
| Total personnel costs | 189,259 | 44,708 | 54,624 | 288,591 |
| Coalition project support | | | | |
| Latin America, Africa, South East | | | | |
| Europe, Asia-Pacific and USA | 293,933 | | | 293,933 |
| Staff development | | 2,620 | | 2,620 |
| Communications | 5,095 | 1,204 | 1,471 | 7,770 |
| Human rights advocacy | 69,649 | | | 69,649 |
| Insurance | 2,190 | 517 | 632 | 3,340 |
| Occupancy | 37,176 | 8,782 | 10,730 | 56,688 |
| Postage and shipping | 962 | 227 | 278 | 1,467 |
| Printing and publications | 9,885 | 390 | 477 | 10,752 |
| Professional services | 30,993 | 1,028 | 4,623 | 36,644 |
| Supplies | 13,056 | 2,612 | 3,191 | 18,858 |
| Travel | 2,516 | | | 2,516 |
| Depreciation | <u>3,719</u> | <u>878</u> | <u>1,073</u> | <u>5,670</u> |
| Sub-total | <u>658,433</u> | <u>62,966</u> | <u>77,099</u> | <u>798,498</u> |
| Donated services | | | | |
| Legal advocacy | 116,308 | | | 116,308 |
| Professional services | | <u>7,160</u> | | <u>7,160</u> |
| Sub-total | <u>116,308</u> | <u>7,160</u> | | <u>123,468</u> |
| Total expenses | <u>\$ 774,741</u> | <u>\$ 70,126</u> | <u>\$ 77,099</u> | <u>\$ 921,966</u> |

The accompanying notes are an integral part of these statements.

COALITION AGAINST TRAFFICKING IN WOMEN**Statements of Cash Flows**

For the years ended December 31,

| | <u>2015</u> | <u>2014</u> |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Change in net assets | (\$ 54,537) | \$ 273,338 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | (21,722) | 5,670 |
| Change in contributions receivables | 105,750 | (155,750) |
| Change in prepaid expense | (780) | (9,391) |
| Change in security deposit | (2,531) | |
| Change in accounts and accrued expenses payable | (13,903) | 10,265 |
| Net cash provided by operating activities | <u>12,277</u> | <u>124,132</u> |
| Cash flows from investing activities | | |
| Disposal of fixed assets | 38,235 | |
| Payments for purchase of fixed assets | <u>(1,787)</u> | |
| Net cash provided by/(used in) investing activities | <u>38,235</u> | <u>(1,787)</u> |
| Cash flows from financing activities | | |
| Payments on capital lease obligation | (1,065) | (576) |
| Net increase in cash | 49,447 | 121,769 |
| Cash, beginning of year | <u>215,128</u> | <u>93,359</u> |
| Cash, end of year | <u>\$ 264,575</u> | <u>\$ 215,128</u> |
| Supplemental disclosure of cash flow information | | |
| Interest paid | (\$ 462) | (\$ 950) |

The accompanying notes are an integral part of these statements.

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to Financial Statements

December 31, 2015 and 2014

Note 1 Organization

Coalition Against Trafficking in Women (“CATW”) is a not-for-profit organization that promotes human rights by working internationally to combat sexual exploitation in all its forms, especially prostitution and trafficking in women and children. CATW testifies before national congresses, parliaments, and United Nations committees and serves as a clearing house of information and documentation on violations of women's human rights, educating the public and participating in international conferences and networks. CATW is supported primarily through grants from several foundations and the U.S. Department of State.

CATW is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as a publicly supported organization as described in Code section 509(a)(1) and 170(b)(A)(VI).

Note 2 Significant accounting policies

Basis of presentation. The financial statements of CATW has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Fixed assets. Equipment and leasehold improvements are stated at cost, less accumulated depreciation or amortization computed on the straight-line method. Equipment is depreciated over their estimated useful lives of 3 to 7 years. Leasehold improvements are amortized over the shorter of their useful lives or the remainder of the lease period.

Donated assets. Donated assets are recorded as contributions at their estimated fair values at the date of donation.

Donated Services. Donated services represent the estimated value of program and management services provided by individuals. These services are reflected in the financial statements because they create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

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 and disclosures. Accordingly, actual results could differ from those estimates.

Financial statement presentation. CATW is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted assets, and permanently restricted net assets.

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to Financial Statements

December 31, 2015 and 2014

Note 2 Summary of significant accounting policies - (continued)

Promises to give. Unconditional promises to give are recognized as support in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promises become unconditional.

Restricted and unrestricted revenue. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or the purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Functional allocation of expenses. The costs of providing various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes. CATW is exempt from income taxes under 501(c)(3) of the Internal Revenue Code. CATW has analyzed tax positions taken for filing with the Internal Revenue Service and state jurisdictions where it operates. CATW does not anticipate any significant uncertain tax positions that would require recognition in the financial statements. Periods ending December 31, 2012 and subsequent remain subject to examination by the taxing authorities.

Concentrations of credit risk. Financial instruments, which potentially subject CATW to concentrations of credit risk include cash, investments, and contributions receivable. CATW maintains cash in bank deposits which, at times, may exceed the current insured amount under the Federal Deposit Insurance Corporation (FDIC). As of December 31, 2015 and 2014, CATW's cash balance exceeded the current insured amount under FDIC by approximately \$2,270 and \$0, respectively. CATW has not experienced any losses in such accounts and believes it is not exposed to any significant financial risk therein.

Allowance for doubtful accounts. Management has determined that no allowance for uncollectible accounts for accounts receivable or contributions receivable is necessary as of December 31, 2015 and 2014. Such determination is based on management's assessments of the creditworthiness of its donors, the age of its receivables, as well as current economic conditions and historical information.

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to Financial Statements

December 31, 2015 and 2014

Note 3 Employee benefit plan

CATW has a defined contribution salary deferral 403(b) plan (“the Plan”) covering all eligible employees. CATW is required to make a matching contribution in an amount equal to the employee’s elective deferral, but not to exceed 3% of the employee's compensation. The employer matching contributions for 2015 and 2014 were \$5,989 and \$3,492 respectively.

Note 4 Donated services

A summary of donated services by expense category are as follows:

| | <u>2015</u> | <u>2014</u> |
|-----------------------|-------------|-------------------|
| Legal advocacy | \$ - | \$ 116,308 |
| Professional services | | |
| Publication design | | 2,750 |
| Accounting services | | <u>4,410</u> |
| | <u>\$ -</u> | <u>\$ 123,468</u> |

Note 5 Concentrations

Public Support - CATW received approximately 30% of its support in 2015 and 26% in 2014 from one foundation.

Note 6 Related party transactions

As of December 31, 2015 and 2014, Board of Directors were compensated for consulting services in the amounts of \$0 and \$8,423, respectively. No amounts were due to related parties in both years.

Note 7 Commitments

CATW entered into a lease for office space in New York under an operating lease for a five year commitment. Lease terms include a monthly base rent of \$4,600 commencing June 1, 2015 with monthly rent increases effective on the anniversary date, each year, until the expiration of the lease on May 31, 2020. The lease also includes a real estate tax escalation charge for each subsequent year of the lease based on CATW's share of the excess of real estate taxes over the 2015/2016 base year. As of December 31, 2015 and 2014 rent and related occupancy costs were \$55,030 and \$56,688, respectively.

COALITION AGAINST TRAFFICKING IN WOMEN**Notes to Financial Statements**

December 31, 2015 and 2014

Note 7 Commitments - (continued)

The minimum future rental commitments are as follows:

| <u>Year ending December 31,</u> | |
|---------------------------------|-------------------|
| 2016 | \$ 56,166 |
| 2017 | 57,850 |
| 2018 | 59,589 |
| 2019 | 61,374 |
| 2020 | 25,885 |
| | <u>\$ 260,864</u> |

Note 8 Obligations under capital leases

CATW acquired office equipment under capital financing lease. The lease was secured by the equipment with monthly payments of \$129, and an approximated interest rate of 6.50%. The lease matures in June 2019. As of December 31, 2015 and 2014, the capitalized costs, related accumulated depreciation, and net carrying value of the equipment under the capital lease are as follows:

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|-----------------|-----------------|
| Office equipment | \$ 6,615 | \$ 6,615 |
| Less: accumulated depreciation | <u>1,323</u> | <u>662</u> |
| | <u>\$ 5,292</u> | <u>\$ 5,953</u> |

The future minimum lease payments are as follows:

| <u>Year ending December 31,</u> | |
|---|-----------------|
| 2016 | \$ 1,553 |
| 2017 | 1,553 |
| 2018 | 1,553 |
| 2019 | <u>777</u> |
| Total | 5,436 |
| Less: amount representing interest | <u>462</u> |
| Present value of minimum lease payments | <u>\$ 4,974</u> |

COALITION AGAINST TRAFFICKING IN WOMEN**Notes to Financial Statements**

December 31, 2015 and 2014

Note 9 Temporarily restricted net assets

The changes in temporarily restricted net assets as of December 31, 2015 are as follows:

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Releases</u> | <u>Ending balance</u> |
|-------------------------|------------------------------|-------------------|-------------------|---------------------------|
| Human rights advocacy | \$ 211,647 | \$ 548,633 | \$ 513,405 | \$ 246,875 |
| Red alert system | 15,000 | | | 15,000 |
| Field building convener | <u>91,610</u> | | <u>91,610</u> | |
| Total | <u>\$ 318,257</u> | <u>\$ 548,633</u> | <u>\$ 605,015</u> | <u>\$ 261,875</u> |

The changes in temporarily restricted net assets as of December 31, 2014 are as follow:

| | <u>Beginning balance</u> | <u>Additions</u> | <u>Releases</u> | <u>Ending balance</u> |
|-------------------------|------------------------------|-------------------|-------------------|---------------------------|
| Human rights advocacy | \$ 90,000 | \$ 322,620 | \$ 200,973 | \$ 211,647 |
| Red alert system | | 15,000 | | 15,000 |
| Field building convener | | <u>125,000</u> | <u>33,390</u> | <u>91,610</u> |
| Total | <u>\$ 90,000</u> | <u>\$ 462,620</u> | <u>\$ 234,363</u> | <u>\$ 318,257</u> |

Note 10 Subsequent events

CATW has evaluated events and transactions for potential recognition or disclosure through June 10, 2016, which is the date the financial statements were available to be issued. There were no subsequent events requiring adjustment to the financial statements or disclosures.