
**COALITION AGAINST TRAFFICKING
IN WOMEN**

Financial Statements

For the years ended December 31, 2018 and 2017

COALITION AGAINST TRAFFICKING IN WOMEN
Financial Statements
December 31, 2018 and 2017

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Independent Auditors' 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 (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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.

Auditors' 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 auditors' 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 Coalition Against Trafficking in Women as of December 31, 2018 and 2017, 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.

NChing LLP

New York, New York,
October 28, 2019

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

As of December 31,

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash	\$ 555,488	\$ 276,355
Contributions receivable, net – Note 9	255,445	484,452
Prepaid expenses	8,498	7,209
Fixed assets, net of accumulated depreciation of \$41,685 (2018) and \$38,492 (2017)	6,879	9,068
Security deposit	<u>18,903</u>	<u>18,903</u>
 Total assets	 <u>\$ 845,213</u>	 <u>\$ 795,987</u>
 <u>Liabilities and Net Assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	\$ 68,264	\$ 20,666
Obligation under capital lease	<u>1,125</u>	<u>2,325</u>
 Total liabilities	 <u>69,389</u>	 <u>22,991</u>
 <u>Net assets</u>		
Without donor restrictions	573,824	342,107
With donor restrictions – Note 8	<u>202,000</u>	<u>430,889</u>
 Total net assets	 <u>775,824</u>	 <u>772,996</u>
 Total liabilities and net assets	 <u>\$ 845,213</u>	 <u>\$ 795,987</u>

The accompanying notes are an integral part of these financial statements.

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

For the year ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
<u>Revenue and support</u>			
Contributions	\$ 353,345	\$ 224,478	\$ 577,823
In-kind contributions – Note 5	11,051	-	11,051
Special events	316,242	-	316,242
Less: direct expenses	(123,551)	-	(123,551)
Net assets released from restrictions	<u>453,367</u>	<u>(453,367)</u>	<u>-</u>
Total revenue and support	<u>1,010,454</u>	<u>(228,889)</u>	<u>781,565</u>
<u>Expenses</u>			
Program services	<u>620,456</u>		<u>620,456</u>
Supporting services			
Management and general	67,571		67,571
Fund raising	<u>90,710</u>		<u>90,710</u>
Total supporting services	<u>158,281</u>		<u>158,281</u>
Total program and supporting services expense	<u>778,737</u>		<u>778,737</u>
Change in net assets	231,717	(228,889)	2,828
Net assets, beginning of year	<u>342,107</u>	<u>430,889</u>	<u>772,996</u>
Net assets, end of year	<u>\$ 573,824</u>	<u>\$ 202,000</u>	<u>\$ 775,824</u>

The accompanying notes are an integral part of these financial statements.

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

For the year ended December 31, 2017

	Without donor restrictions	With donor restrictions	Total
<u>Revenue and support</u>			
Contributions	\$ 464,951	\$ 654,507	\$ 1,119,458
In-kind contributions – Note 5	1,050	-	1,050
Special events	165,434	-	165,434
Less: direct expenses	(65,087)	-	(65,087)
Net assets released from restrictions	<u>300,252</u>	<u>(300,252)</u>	<u>-</u>
Total revenue and support	<u>866,600</u>	<u>354,255</u>	<u>1,220,855</u>
<u>Expenses</u>			
Program services	<u>595,083</u>		<u>595,083</u>
<u>Supporting services</u>			
Management and general	92,181		92,181
Fund raising	<u>78,426</u>		<u>78,426</u>
Total supporting services	<u>170,607</u>		<u>170,607</u>
Total program and supporting services expense	<u>765,690</u>		<u>765,690</u>
Change in net assets	100,910	354,255	455,165
Net assets, beginning of year	<u>241,197</u>	<u>76,634</u>	<u>317,831</u>
Net assets, end of year	<u>\$ 342,107</u>	<u>\$ 430,889</u>	<u>\$ 772,996</u>

The accompanying notes are an integral part of these financial statements.

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

For the year ended December 31, 2018

	Program services	Supporting Services		Total program & supporting services
		Management and general	Fund raising	
Salaries	\$ 219,033	\$ 36,337	\$ 48,781	\$ 304,151
Employee benefits	25,995	4,313	5,790	36,098
Payroll taxes	15,771	2,616	3,512	21,899
Total personnel costs	<u>260,799</u>	<u>43,266</u>	<u>58,083</u>	<u>362,148</u>
Coalition project support grants	121,089	-	-	121,089
Communications	4,525	751	1,008	6,284
Human rights advocacy grants	66,845	-	-	66,845
Insurance	4,013	666	894	5,573
Occupancy	51,321	8,514	11,430	71,265
Postage and shipping	2,163	359	482	3,004
Printing and publications	379	63	84	526
Professional services (In-kind \$11,051) – Note 5	38,449	6,379	8,563	53,391
Office expenses	28,229	4,683	6,286	39,198
Travel	25,221	-	-	25,221
Website	15,123	2,509	3,368	21,000
Depreciation	<u>2,300</u>	<u>381</u>	<u>512</u>	<u>3,193</u>
Total expenses	<u>\$ 620,456</u>	<u>\$ 67,571</u>	<u>\$ 90,710</u>	<u>\$ 778,737</u>

The accompanying notes are an integral part of these financial statements.

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

For the year ended December 31, 2017

		<u>Supporting Services</u>		Total
	<u>Program</u>	<u>Management</u>	<u>Fund</u>	<u>program &</u>
	<u>services</u>	<u>and general</u>	<u>raising</u>	<u>supporting</u>
				<u>services</u>
Salaries	\$ 188,922	\$ 29,321	\$ 46,034	\$ 264,277
Employee benefits	24,270	3,767	5,914	33,951
Payroll taxes	15,023	2,332	3,661	21,016
Total personnel costs	<u>228,215</u>	<u>35,420</u>	<u>55,609</u>	<u>319,244</u>
Coalition project support grants	130,535	-	-	130,535
Communications	4,141	643	1,009	5,793
Human rights advocacy grants	106,016	-	-	106,016
Insurance	3,843	597	937	5,377
Occupancy	45,491	7,060	11,083	63,634
Postage and shipping	1,646	256	401	2,303
Printing and publications	1,471	225	347	2,043
Professional services				
(In-kind \$1,050) – Note 4	5,750	42,162	-	47,912
Office expenses	22,276	3,404	5,260	30,940
Travel	30,114	-	-	30,114
Website	13,218	2,052	3,221	18,491
Depreciation	<u>2,367</u>	<u>362</u>	<u>559</u>	<u>3,288</u>
Total expenses	<u>\$ 595,083</u>	<u>\$ 92,181</u>	<u>\$ 78,426</u>	<u>\$ 765,690</u>

The accompanying notes are an integral part of these financial statements.

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

For the years ended December 31,

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 2,828	\$ 455,165
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation	3,193	3,288
Amortization of discount	-	(9,111)
Change in contributions receivables	229,007	(456,916)
Change in prepaid expense	(1,289)	403
Change in accounts and accrued expenses payable	<u>47,598</u>	<u>(8,673)</u>
Net cash provided by/(used in) operating activities	<u>281,337</u>	<u>(15,844)</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>(1,004)</u>	<u>(2,230)</u>
Cash flows from financing activities		
Payments on capital lease obligation	<u>(1,200)</u>	<u>(1,244)</u>
Net increase/(decrease) in cash	279,133	(19,318)
Cash, beginning of year	<u>276,355</u>	<u>295,673</u>
Cash, end of year	<u>\$ 555,488</u>	<u>\$ 276,355</u>

The accompanying notes are an integral part of these financial statements.

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to the Financial Statements

December 31, 2018 and 2017

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 and contributions 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.

Financial statement presentation. The financial statement presentation follows the accounting standards for not-for-profit organizations. Under these standards, an organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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.

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.

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to the Financial Statements

December 31, 2018 and 2017

Note 2 Significant accounting policies - (continued)

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.

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.

Contributions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions 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 net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

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. Significant expenses are allocated as follows:

Salaries and benefits	Time and effort
Occupancy	Space

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, 2015 and subsequent remain subject to examination by the taxing authorities.

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to the Financial Statements

December 31, 2018 and 2017

Note 2 Summary of significant accounting policies - (continued)

Concentrations of credit risk. Financial instruments, which potentially subject CATW to concentrations of credit risk include cash. 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, 2018 and 2017, CATW's cash balance exceeded the current insured amount under FDIC by approximately \$184,745 and \$26,355, respectively. CATW has not experienced any losses in such accounts and management 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, 2018 and 2017. 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.

Change in accounting principle. On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. We have implemented ASU 2016-14 and have adjusted the presentation in these financial statements accordingly for all periods presented.

Note 3 Liquidity and availability

Financial assets available for general expenditure, that is, without donor, or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31:

	2018	2017
Cash and cash equivalents	\$ 555,488	\$ 276,355
Accounts receivable collectable within one year	53,445	53,563
Total available to use within one year	<u>\$ 608,933</u>	<u>\$ 329,918</u>

Note 4 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 2018 and 2017 were \$3,116 and \$7,775 respectively.

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to the Financial Statements

December 31, 2018 and 2017

Note 5 In-kind contributions

In-kind contributions represent services provided to the programs of CATW. Donated services are recorded at fair value, which is the amount that CATW would have paid to purchase the service. In-kind contributions consisted of:

	<u>2018</u>	<u>2017</u>
Legal advocacy	\$ 11,051	\$ -
Professional services – publication design	<u>-</u>	<u>1,050</u>
Total	<u>\$ 11,051</u>	<u>\$ 1,050</u>

Note 6 Commitments

CATW has a five-year lease for office space in New York. 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 2016/2017 base year. Future minimum annual lease obligations are:

Year ending December 31,

2019	61,374
2020	<u>25,885</u>
	<u>\$ 87,259</u>

Rental expense for the years ended December 31, 2018 and 2017 was \$67,844 and \$60,259, respectively.

Note 7 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, 2018 and 2017, the capitalized costs, related accumulated amortization, and net carrying value of the equipment under the capital lease are as follows:

	<u>2018</u>	<u>2017</u>
Office equipment	\$ 6,615	\$ 6,615
Less: accumulated amortization	<u>5,292</u>	<u>3,969</u>
Total	<u>\$ 1,323</u>	<u>\$ 2,646</u>

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to the Financial Statements

December 31, 2018 and 2017

Note 8 Net assets with donor restrictions

Net assets with donor restrictions as of December 31, 2018 consist of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balance</u>
Human rights advocacy	\$ 430,889	\$ 224,478	\$ 453,367	\$ 202,000

Net assets with donor restrictions as of December 31, 2017 consist of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balance</u>
Human rights advocacy	\$ 76,634	\$ 654,507	\$ 300,252	\$ 430,889

Note 9 Contributions receivable

Contributions receivable are recorded as support when pledged unless designated otherwise. All contributions are deemed fully collectible. Accordingly, no allowance for uncollectible contributions has been recorded as of December 31, 2018 and 2017. Contributions are expected to be realized in the following periods:

	<u>2018</u>	<u>2017</u>
In one year or less	\$ 255,445	\$ 93,563
Between one and three years, net of discount	-	<u>390,889</u>
	<u>\$ 255,445</u>	<u>\$ 484,452</u>

Contributions receivable which are collectable in more than one year are discounted using the applicable risk free rate of interest. Discounts applied to contributions receivable as of December 31, 2018 and 2017 were \$0 and \$9,111, respectively

Note 10 Subsequent events

CATW has evaluated events and transactions for potential recognition or disclosure through October 28, 2019, 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.