
**COALITION AGAINST TRAFFICKING
IN WOMEN**

Financial Statements

For the years ended December 31, 2017 and 2016

COALITION AGAINST TRAFFICKING IN WOMEN

Financial Statements

Contents

December 31, 2017 and 2016

	Page
Independent Auditors' Report.....	1-2
Statements of Financial Position.....	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-13

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, which comprise the statement of financial position as of December 31, 2017 and 2016, 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.

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 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, 2017 and 2016, 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.

A handwritten signature in blue ink that reads "NChing LLP". The signature is written in a cursive, slightly slanted style.

New York, New York
August 8, 2018

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

As of December 31,

	<u>2017</u>	<u>2016</u>
<u>Assets</u>		
Cash	\$ 276,355	\$ 295,673
Contributions receivable, net – Note 8	484,452	18,425
Prepaid expenses	7,209	7,612
Fixed assets, net of accumulated depreciation of \$38,492 (2017) and \$32,448 (2016)	9,068	10,126
Security deposit	<u>18,903</u>	<u>18,903</u>
Total assets	<u>\$ 795,987</u>	<u>\$ 350,739</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts and accrued expenses payable	\$ 20,666	\$ 29,339
Obligation under capital lease – Note 6	<u>2,325</u>	<u>3,569</u>
Total liabilities	<u>22,991</u>	<u>32,908</u>
 <u>Net assets</u>		
Unrestricted	342,107	241,197
Temporarily restricted – Note 7	<u>430,889</u>	<u>76,634</u>
Total net assets	<u>772,996</u>	<u>317,831</u>
Total liabilities and net assets	<u>\$ 795,987</u>	<u>\$ 350,739</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, 2017

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Revenue and support</u>			
Contributions	\$ 464,921	\$ 654,507	\$ 1,119,428
Interest income	30		30
In-kind contributions – Note 4	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>	
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>
Supporting services			
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 expenses	<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 statements.

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

For the year ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>
<u>Revenue and support</u>			
Contributions	\$ 221,912	\$ 283,395	\$ 505,307
Interest income	21		21
In-kind contributions – Note 4	34,253		34,253
Special events	182,884		182,884
Less: direct expenses	(75,688)		(75,688)
Net assets released from restrictions	<u>468,636</u>	<u>(468,636)</u>	<u> </u>
Total revenue and support	<u>832,018</u>	<u>(185,241)</u>	<u>646,777</u>
<u>Expenses</u>			
Program services	<u>621,313</u>		<u>621,313</u>
Supporting services			
Management and general	47,209		47,209
Fund raising	<u>85,968</u>		<u>85,968</u>
Total supporting services	<u>133,177</u>		<u>133,177</u>
Total expenses	<u>754,490</u>	<u> </u>	<u>754,490</u>
Change in net assets	77,528	(185,241)	(107,713)
Net assets, beginning of year	<u>163,669</u>	<u>261,875</u>	<u>425,544</u>
Net assets, end of year	<u>\$ 241,197</u>	<u>\$ 76,634</u>	<u>\$ 317,831</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, 2017

	<u>Program services</u>	<u>Management and general</u>	<u>Fund raising</u>	<u>Total</u>
Salaries	\$ 188,922	\$ 29,321	\$ 46,034	\$ 264,277
Employee benefits	24,270	3,767	5,914	33,951
Payroll taxes	<u>15,023</u>	<u>2,332</u>	<u>3,661</u>	<u>21,016</u>
Total personnel costs	228,215	35,420	55,609	319,244
Coalition project support				
Latin America, Africa, South East Europe, Asia-Pacific and USA	130,535			130,535
Communications	4,141	643	1,009	5,793
Human rights advocacy	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 statements.

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

For the year ended December 31, 2016

	<u>Program services</u>	<u>Management and general</u>	<u>Fund raising</u>	<u>Total</u>
Salaries	\$ 172,932	\$ 23,085	\$ 42,039	\$ 238,056
Employee benefits	27,528	3,675	6,692	37,895
Payroll taxes	<u>14,552</u>	<u>1,942</u>	<u>3,537</u>	<u>20,031</u>
Total personnel costs	215,012	28,702	52,268	295,982
Coalition project support				
Latin America, Africa, South East				
Europe, Asia-Pacific and USA	222,639			222,639
Communications	5,542	740	1,347	7,629
Human rights advocacy	33,028			33,028
Insurance	4,232	565	1,029	5,826
Occupancy	44,755	5,974	10,880	61,609
Postage and shipping	620	83	151	854
Printing and publications	3,695	493	898	5,086
Professional services				
(In-kind \$34,253) – Note 4	61,554	8,217	14,963	84,734
Office expenses	15,122	2,019	3,676	20,817
Travel	12,002			12,002
Website	149	20	36	205
Depreciation	<u>2,963</u>	<u>396</u>	<u>720</u>	<u>4,079</u>
Total expenses	<u>\$ 621,313</u>	<u>\$ 47,209</u>	<u>\$ 85,968</u>	<u>\$ 754,490</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>2017</u>	<u>2016</u>
Cash flows from operating activities		
Change in net assets	\$ 455,165	(\$ 107,713)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	3,288	4,079
Amortization of discount	(9,111)	
Change in contributions receivables	(456,916)	121,575
Change in prepaid expense	403	2,559
Change in accounts and accrued expenses payable	(8,673)	<u>15,247</u>
Net cash provided (used in) by operating activities	(<u>15,844</u>)	<u>35,747</u>
Cash flows from investing activities		
Purchase of fixed assets	(<u>2,230</u>)	(<u>3,244</u>)
Cash flows from financing activities		
Payments on capital lease obligation	(<u>1,244</u>)	(<u>1,405</u>)
Net increase (decrease) in cash	(19,318)	31,098
Cash, beginning of year	<u>295,673</u>	<u>264,575</u>
Cash, end of year	<u>\$ 276,355</u>	<u>\$ 295,673</u>
Supplemental disclosure of cash flow information		
Interest paid	<u>\$ 5</u>	<u>\$ 314</u>

The accompanying notes are an integral part of these statements.

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to Financial Statements

December 31, 2017 and 2016

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.

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 three classes of net assets depending on the existence and/or nature of any donor restrictions as follows: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Unrestricted net assets consist of unrestricted contributions and other resources not subject to donor-imposed restrictions.

Temporarily restricted net assets consist of contributions and other inflow of assets whose use by the recipient is limited by donor-imposed stipulation. When donor restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, CATW reports that support as unrestricted.

Permanently restricted net assets consist of net assets that are limited by donors for investment in perpetuity.

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 Financial Statements

December 31, 2017 and 2016

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.

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, 2014 and subsequent remain subject to examination by the taxing authorities.

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to Financial Statements

December 31, 2017 and 2016

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, 2017 and 2016, CATW's cash balance exceeded the current insured amount under FDIC by approximately \$26,355 and \$45,673, 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, 2017 and 2016. 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.

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 2017 and 2016 were \$7,775 and \$5,364 respectively.

Note 4 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 would have been charged to CATW to purchase the service. In-kind contributions consisted of:

	<u>2017</u>	<u>2016</u>
Legal advocacy	\$ -	\$ 33,428
Professional services – publication design	<u>1,050</u>	<u>825</u>
Total	<u>\$ 1,050</u>	<u>\$ 34,253</u>

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to Financial Statements

December 31, 2017 and 2016

Note 5 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,

2018	\$ 59,589
2019	61,374
2020	<u>25,885</u>
	<u>\$ 146,848</u>

Rental expense for the years ended December 31, 2017 and 2016 was \$60,259 and \$57,446, respectively.

Note 6 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, 2017 and 2016, the capitalized costs, related accumulated depreciation, and net carrying value of the equipment under the capital lease are as follows:

	<u>2017</u>	<u>2016</u>
Office equipment	\$ 6,615	\$ 6,615
Less: accumulated depreciation	<u>3,969</u>	<u>2,646</u>
Total	<u>\$ 2,646</u>	<u>\$ 3,969</u>

The future minimum lease payments are as follows:

Year ending December 31,

2018	\$ 1,553
2019	<u>777</u>
Total	2,330
Less: amount representing interest	<u>5</u>
Present value of minimum lease payments	<u>\$ 2,325</u>

COALITION AGAINST TRAFFICKING IN WOMEN

Notes to Financial Statements

December 31, 2017 and 2016

Note 7 Temporarily restricted net assets

Temporarily restricted net assets 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

Temporarily restricted net assets as of December 31, 2016 consist of the following:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending balance</u>
Human rights advocacy	\$ 246,875	\$ 283,395	\$ 453,636	\$ 76,634
Red alert system	15,000		15,000	
Total	<u>\$ 261,875</u>	<u>\$ 283,395</u>	<u>\$ 468,636</u>	<u>\$ 76,634</u>

Note 8 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, 2017 and 2016. A discount rate of 1.55% has been used to calculate the present value of future collections of contributions receivable. Contributions are expected to be realized in the following periods:

	<u>2017</u>	<u>2016</u>
In one year or less	\$ 93,563	\$ 18,425
Between one and three years, net of discount	<u>390,889</u>	
	<u>\$ 484,452</u>	<u>\$ 18,425</u>

Discounts applied to contributions receivable as of December 31, 2017 and 2016 were \$9,111 and \$0, respectively

Note 9 Subsequent events

CATW has evaluated events and transactions for potential recognition or disclosure through August 18, 2018, 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.