

Hope for Justice

**Financial Statements
March 31, 2016 and Independent Auditors' Report**

HOPE FOR JUSTICE

March 31, 2016

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Independent Auditors' Report

To the Board of Trustees
Hope for Justice
Nashville, Tennessee

We have audited the accompanying financial statements of Hope for Justice (a nonprofit organization), which comprise the statement of financial position as of March 31, 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 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 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 Hope for Justice as of March 31, 2016, 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.



August 8, 2016
Cincinnati, Ohio

HOPE FOR JUSTICE

Statement of Financial Position March 31, 2016

Assets	
Cash	\$ 199,690
Property and equipment, net	21,110
Other assets	<u>24,702</u>
Total assets	<u>\$ 245,502</u>
Liabilities and Net Assets	
Liabilities	
Accounts payable and accrued expenses	\$ 66,641
Net Assets	
Unrestricted	121,226
Temporarily restricted	<u>57,635</u>
Total net assets	<u>178,861</u>
Total liabilities and net assets	<u>\$ 245,502</u>

See accompanying notes to financial statements

HOPE FOR JUSTICE

Statement of Activities Year Ended March 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue, gains and other support			
Contributions	\$ 658,085	\$ 648,829	\$ 1,306,914
Other Income	66,668	-	66,668
Net assets released from restrictions	659,289	(659,289)	-
			-
Total revenue, gains and other support	<u>1,384,042</u>	<u>(10,460)</u>	<u>1,373,582</u>
Expenses			
Program services	1,256,792	-	1,256,792
Management and general	61,361	-	61,361
Fundraising/development	305,574	-	305,574
Total expenses	<u>1,623,727</u>	<u>-</u>	<u>1,623,727</u>
Change in net assets	(239,685)	(10,460)	(250,145)
Net assets, beginning of year	<u>360,911</u>	<u>68,095</u>	<u>429,006</u>
Net assets, end of year	<u>\$ 121,226</u>	<u>\$ 57,635</u>	<u>\$ 178,861</u>

See accompanying notes to financial statements

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Statement of Functional Expenses Year Ended March 31, 2016

	Program services	Management and general	Fund- raising/ development	Total expenses
Operating Expenses				
Salaries and wages	\$ 689,339	\$ 46,911	\$ 56,177	\$ 792,427
Victim and artist tour support	286,795	20	1,035	287,850
Special events	22,673	171	159,495	182,339
Professional services	82,778	2,240	13,254	98,272
Travel	48,392	869	20,853	70,114
Occupancy	36,604	6,531	6,554	49,689
Conferences and training	8,580	7	37,201	45,788
Other	23,441	140	1,761	25,342
Office expenses	10,360	1,727	6,425	18,512
Telephone	12,742	486	806	14,034
Employee benefits	11,186	48	165	11,399
Meals and entertainment	8,501	866	647	10,014
Depreciation and amortization	5,704	307	523	6,534
Advertising and promotion	4,743	93	296	5,132
Repairs and maintenance	2,950	696	255	3,901
Service charges	2,004	249	127	2,380
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 1,256,792</u>	<u>\$ 61,361</u>	<u>\$ 305,574</u>	<u>\$ 1,623,727</u>

See accompanying notes to financial statements

HOPE FOR JUSTICE

Statement of Cash Flows Year Ended March 31, 2016

Cash flows from operating activities	
Change in net assets	\$ (250,145)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Noncash donation of vehicle	(5,000)
Depreciation and amortization	6,534
Changes in:	
Other assets	(18,165)
Accounts payable and accrued expenses	<u>49,656</u>
Net cash used in operating activities	<u>(217,120)</u>
Cash flows from investing activities	
Purchases of property and equipment	<u>(9,620)</u>
Net cash used in investing activities	<u>(9,620)</u>
Net change in cash	(226,740)
Cash, beginning of year	<u>426,430</u>
Cash, end of year	<u><u>\$ 199,690</u></u>

See accompanying notes to financial statements

HOPE FOR JUSTICE

Notes to Financial Statements

NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Hope for Justice (formerly known as Abolition International, Inc.)(Organization) was established to support short-term and long-term rehabilitative centers in the United States and abroad. These centers are designed to specifically aid human trafficking victims and will provide shelter, education, counseling and case management services.

Reporting Entity

During 2014, the Organization affiliated itself with a non-profit organization located in the United Kingdom, which is also named Hope for Justice. These separate legal entities share a similar mission and purpose, as described in the preceding paragraph. Additionally, three of the five board members of the Organization are also members of its affiliated organization.

These financial statements include only the functions and activities of the Organization. They do not include the financial activities of its affiliated organization.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). The Organization 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 permanently restricted net assets at March 31, 2016.

Cash

Hope for Justice maintains cash in bank deposit accounts which may, at times, exceed federally insured limits. Hope for Justice has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk.

Property and Equipment

Property and equipment are recorded at cost or, if donated or impaired, at fair value at the time of the gift or determination. Depreciation is calculated on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred.

Contributions

Hope for Justice 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.

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, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

HOPE FOR JUSTICE

Notes to Financial Statements (Continued)

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

Contributions (Continued)

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue.

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 Hope for Justice 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, Hope for Justice evaluates events subsequent to the statement of financial position date through August 8, 2016, which is the date the financial statements were available to be issued.

NOTE 2 CONDITIONAL PROMISE TO GIVE

During 2015, the Organization received a multi-year grant commitment of \$75,000 to fund the relaunching of the Lighthouse Center for Trafficking Victims (the Center) in Cambodia. Future payments will be approved pending the results of inspections by the grantor and, therefore, have not been recognized as unconditional promises to give. As of March 31, 2016, the Organization has received \$25,000 and expects to receive \$25,000 in both 2017 and 2018 to support future operating costs of the Center.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment as of March 31, 2016 consisted of the following:

Furniture and fixtures	\$	8,394
Computers and software		21,353
Vehicles		<u>8,330</u>
		38,077
Less accumulated depreciation		<u>(16,967)</u>
	\$	<u><u>21,110</u></u>

HOPE FOR JUSTICE

**Notes to Financial Statements
(Continued)**

NOTE 4 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at March 31, 2016 are available for the following purposes:

Cambodia program expenses	\$ 29,243
US program expenses	<u>28,392</u>
	<u>\$ 57,635</u>

NOTE 5 LEASE COMMITMENTS

The Organization leases office space under a non-cancellable operating lease expiring July 15, 2017. Additionally, the organization leases space for program use under non-cancelable operating leases expiring in 2017 and 2018. The total expense recorded in the statement of activities related to these leases was of \$86,248. Future minimum lease payments are as follows:

2017	\$ 81,900
2018	<u>27,300</u>
	<u>\$ 109,200</u>