Saving Innocence, Inc.

FINANCIAL STATEMENTS

December 31, 2018
(With Comparative Totals for December 31, 2017)

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Saving Innocence, Inc.

We have audited the accompanying financial statements of Saving Innocence, Inc. (the Organization), which comprise the statement of financial position as of December 31, 2018, 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 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 Organization'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 Organization'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 the Organization as of December 31, 2018, 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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 27, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pulakos CPAs, PC

May 28, 2019

Pulakos CPAs, PC

Saving Innocence, Inc.

STATEMENTS OF FINANCIAL POSITION

December 31, 2018
(With Comparative Totals for December 31, 2017)

Assets	**2018**	**2017**
Current assets		
Cash	$ 1,144,369	$ 528,484
Pledges receivable, net	-	25,000
Accounts receivable, net	66,572	110,241
Other current assets	15,181	4,095
Total current assets	1,226,122	667,820
Property and equipment, net	15,325	20,209
Other assets	800	800
	$ 1,242,247	$ 688,829

Liabilities and Net Assets	**2018**	**2017**
Current liabilities		
Accounts payable	$ 7,264	$ 3,424
Accrued liabilities	42,586	37,717
Total current liabilities	49,850	41,141
Net assets		
Without donor restrictions	1,192,397	622,688
With donor restrictions	-	25,000
Total net assets	1,192,397	647,688
	$ 1,242,247	$ 688,829

Saving Innocence, Inc.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2018
(With Comparative Totals for December 31, 2017)

	2018			
	Without Donor Restrictions	With Donor Restrictions	Total	2017 Total
Revenues, support and gains				
Contributions	$ 1,275,031	$ -	$ 1,275,031	$ 1,105,813
Program services	633,118	-	633,118	646,218
Special event revenue	3,622	-	3,622	62,545
Net assets released from donor restriction	25,000	(25,000)	-	-
Total revenues, support and gains	1,936,771	(25,000)	1,911,771	1,814,576
Expenses				
Program	1,255,254	-	1,255,254	1,165,089
Management	63,402	-	63,402	79,201
Fundraising	48,406	-	48,406	167,143
Total expenses	1,367,062	-	1,367,062	1,411,433
Change in net assets	569,709	(25,000)	544,709	403,143
Net assets, beginning of year	622,688	25,000	647,688	244,545
Net assets, end of year	$ 1,192,397	$ -	$ 1,192,397	$ 647,688

Saving Innocence, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018
(With Comparative Totals for December 31, 2017)

	2018				2017
	Program	Management	Fundraising	Total	Total
Salaries	$ 856,764	$ 32,234	$ 27,744	$ 916,742	$ 789,081
Payroll taxes and benefits	115,527	1,275	3,072	119,874	111,374
Other program	75,435	-	-	75,435	56,263
Office and supplies	57,493	7,643	2,452	67,588	51,209
Occupancy	54,516	677	602	55,795	53,648
Professional fees	27,764	19,406	3,917	51,087	148,585
Other fundraising	29,240	-	-	29,240	19,640
Travel	19,011	698	988	20,697	35,251
Insurance	8,684	965	-	9,649	9,816
Bank and credit card fees	-	-	8,209	8,209	11,321
Events	-	-	-	-	90,852
In-kind	-	-	-	-	18,000
Bad debt expense	-	-	-	-	14,000
Miscellaneous	10,820	504	1,422	12,746	2,393
Total functional expenses	$ 1,255,254	$ 63,402	$ 48,406	$ 1,367,062	$ 1,411,433

Saving Innocence, Inc.

STATEMENT OF CASH FLOWS

Year Ended December 31, 2018
(With Comparative Totals for December 31, 2017)

	2018	2017
Operating activities		
Change in net assets	$ 544,709	$ 403,143
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	4,884	1,528
Net changes to operating assets and liabilities		
Pledges receivable	25,000	(11,000)
Accounts receivable	43,669	(78,617)
Other current assets	(11,086)	(295)
Accounts payable	3,840	446
Accrued liabilities	4,869	21,914
Net cash provided by operating activities	615,885	337,119
Investing activities		
Purchases of property and equipment	-	(20,483)
Net cash used by investing activities	-	(20,483)
Change in cash and equivalents	615,885	316,636
Cash, beginning of year	528,484	211,848
Cash, end of year	$ 1,144,369	$ 528,484

Saving Innocence, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2018
(With Comparative Totals for December 31, 2017)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Saving Innocence, Inc. (the Organization) is a non-profit organization that works to rescue and restore victims of sex trafficking through strategic partnerships with local law enforcement, social service providers, and schools, while mobilizing communities to prevent abuse and increase neighborhood safety.

In addition to their first responder victim services, the Organization regularly engages in training and consulting services. The Organization contracts with various entities around the nation to provide both remote and onsite training on the various issues surrounding human trafficking and effective after care of victims. Clients include governmental agencies, law enforcement and nonprofits all seeking to increase their knowledge and capacity in the field.

Additionally, the Organization is engaging in public awareness activities in an effort to impact the cultural atmosphere which facilitates human trafficking. These activities include public speaking, targeted social media and the production of various media projects on this topic.

Basis of presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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

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 statements of activities.

Financial Instruments

The carrying amounts of cash, receivables, payables, accrued expenses, and other liabilities approximate fair value due to short maturity periods of these instruments.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Financial Statement Presentation

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended December 31, 2017, from which the summarized information was derived.

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.

Property and Equipment

Property and equipment is recorded at cost or estimated fair value at date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets. The Organization capitalizes items over $2,500 with an estimated useful life greater than three years.

Depreciation expense was $4,884 and $1,528 in 2018 and 2017.

Contributions

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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other 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.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Advertising

The Organization expenses advertising costs as they are incurred ($1,641 and $1,000 in 2018 and 2017).

Donated Goods and Services

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated professional services that create or enhance non-financial assets or that require specialized skills, are recorded at their fair values in the period received. The Organization receives donations of various items used in operations. The value of donated goods recognized as in-kind revenues in the accompanying statement of activities was zero and $18,000 in 2018 and 2017.

Functional Allocation of Expenses

Expenses are charged directly to program and supporting services categories based on specific identification. Costs benefiting more than one program or service are allocated based on measures such as management's estimates of time spent.

Income Taxes

The Organization is a nonprofit charitable corporation and has been recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization has adopted accounting principles generally accepted in the United States of America, as they relate to uncertain tax positions, and has evaluated its tax positions taken for open tax years. Management believes that the activities of the Organization are within their tax-exempt purpose, and that there are no uncertain tax positions that require disclosure or recognition in the financial statements.

New Accounting Pronouncement

On August 18, 2016, FASB issued 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. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent Events

The Organization has evaluated all events occurring subsequent to December 31, 2018 and through May 28, 2019, which is the date that the financial statements were issued and does not believe any events occurred during the period that would require either recognition or disclosure in the accompanying financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as December 31, 2018 and 2017:

	2018	2017
Cash	$ 1,144,369	$ 528,484
Receivables	66,572	135,241
Total financial assets	1,210,941	663,725
Less amounts not available to be used within one year:		
Net assets with donor restrictions	-	(25,000)
Financial assets available to meet cash needs for general expenditure within one year from December 31, 2018 and 2017	$ 1,210,941	$ 638,725

The Organization manages its cash flow and liquidity on an on-going basis to ensure that sufficient funds are available to cover current operational needs. The Organization's goal is generally to maintain a level of financial assets sufficient to cover 90 days of operating expenses. As part of its liquidity plan, the Organization is continuously evaluating the amount of cash on hand and expected to be collected within 30 days, against current financial obligations.

NOTE 3 – PROPERTY AND EQUIPMENT

	2018	2017
Office and computer equipment	$ 24,261	$ 24,261
Furniture and fixtures	4,152	4,152
	28,413	28,413
Less accumulated depreciation	(13,088)	(8,204)
	$ 15,325	$ 20,209

NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the years ended December 31, 2018 and 2017:

	2018	2017
Time Purpose:		
Pledge receivable	$ -	$ 25,000

Net assets released from net assets with donor restrictions are as follows:

	2018	2017
Satisfaction of Time Restrictions:		
Pledge receivable	$ 25,000	$ -

NOTE 5 – COMMITMENTS AND CONTINGENCIES

Retirement Plan

The Organization has a 403(b) retirement plan for employees. Employees become eligible to participate after 90 days of employment. The Organization does not make any matching or discretionary contributions to this plan on the employees' behalf. Plan expenses are incurred at the plan level and therefore the Organization has incurred no expenses related to the administration of the plan.

Operating Leases

The Organization leases its operating facility under a month-to-month operating lease agreement that calls for monthly payments of $3,100. Total rental expense was $37,200 and $37,400 in 2018 and 2017.

Concentrations of Risk

The Organization maintains cash balances in financial institutions, which at times exceed federally insured limits.

Major Donors

The Organization had unrestricted contributions from one major donor of approximately $400,000 and $323,000 in 2018 and 2017, respectively.