

UNITED AGAINST HUMAN TRAFFICKING

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
United Against Human Trafficking
Harris County, Texas

We have audited the accompanying financial statements of United Against Human Trafficking, (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2021 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors
United Against Human Trafficking

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

August 25, 2022

UNITED AGAINST HUMAN TRAFFICKING
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS	<u>2021</u>
Current Assets	
Cash and Cash Equivalents Without Donor Restrictions	\$ 240,300
Contributions Receivable	127,927
Accounts Receivable	<u>5,009</u>
Total Current Assets	<u>\$ 373,236</u>
Noncurrent Assets	
Furniture and Equipment (Net of Accumulated Depreciation)	<u>\$ 1,100</u>
TOTAL ASSETS	<u><u>\$ 374,336</u></u>
 LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	<u>\$ 78,496</u>
TOTAL LIABILITIES	<u>\$ 78,496</u>
 Net Assets	
Without Donor Restrictions	\$ 269,071
With Donor Restrictions	<u>26,769</u>
Total Net Assets	<u>\$ 295,840</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 374,336</u></u>

The accompanying notes to the financial statements are an integral part of this report.

UNITED AGAINST HUMAN TRAFFICKING
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Grants			
Government Grants	\$	\$ 799,041	\$ 799,041
Foundation Grants	450,556		450,556
Contributions			
Individuals	118,446		118,446
Corporations	108,050		108,050
In-kind	<u>92,456</u>		<u>92,456</u>
SUBTOTAL SUPPORT AND REVENUES	<u>\$ 769,508</u>	<u>\$ 799,041</u>	<u>\$ 1,568,549</u>
Net Assets Released from Restrictions	<u>895,287</u>	<u>(895,287)</u>	
TOTAL SUPPORT AND REVENUES	<u>\$ 1,664,795</u>	<u>\$ (96,246)</u>	<u>\$ 1,568,549</u>
EXPENSES			
Program Expenses	\$ 1,294,912	\$	\$ 1,294,912
Management and General	194,407		194,407
Fundraising	<u>143,613</u>		<u>143,613</u>
TOTAL EXPENSES	<u>\$ 1,632,932</u>	<u>\$ - 0 -</u>	<u>\$ 1,632,932</u>
CHANGE IN NET ASSETS	\$ 31,863	\$ (96,246)	\$ (64,383)
NET ASSETS - JANUARY 1, 2021	<u>237,208</u>	<u>123,015</u>	<u>360,223</u>
NET ASSETS - DECEMBER 31, 2021	<u><u>\$ 269,071</u></u>	<u><u>\$ 26,769</u></u>	<u><u>\$ 295,840</u></u>

The accompanying notes to the financial statements are an integral part of this report.

UNITED AGAINST HUMAN TRAFFICKING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Supporting Services			Total
	Program Services	Management and General	Fundraising	
Expenses				
Consultants	\$ 60,184	\$ 6,155	\$	\$ 66,339
Communications IT	65,937	8,242	8,242	82,421
Depreciation		887		887
Insurance	2,020			2,020
Office expenses and supplies	103,454	12,932	12,932	129,318
Other		35,093		35,093
Salaries, taxes and benefits	966,484	120,810	120,810	1,208,104
Travel and entertainment	13,036	1,629	1,629	16,294
Total Expenses	<u>\$ 1,211,115</u>	<u>\$ 185,748</u>	<u>\$ 143,613</u>	<u>\$ 1,540,476</u>
In Kind Expenses				
Payroll related costs	\$ 83,797	\$	\$	\$ 83,797
Office Space		8,659		8,659
Total In Kind Expenses	<u>\$ 83,797</u>	<u>\$ 8,659</u>	<u>\$ - 0 -</u>	<u>\$ 92,456</u>
Total Expenses	<u>\$ 1,294,912</u>	<u>\$ 194,407</u>	<u>\$ 143,613</u>	<u>\$ 1,632,932</u>

The accompanying notes to the financial statements are an integral part of this report.

UNITED AGAINST HUMAN TRAFFICKING
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (64,383)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	887
Unearned In Kind Contributions	(16,000)
(Increase) Decrease in Operating Assets:	
Contributions Receivable	(1,232)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	42,960
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (37,768)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ (37,768)
CASH AND CASH EQUIVALENTS - JANUARY 1	278,068
CASH AND CASH EQUIVALENTS - DECEMBER 31	\$ 240,300

The accompanying notes to the financial
statements are an integral part of this report.

UNITED AGAINST HUMAN TRAFFICKING
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1. CREATION OF CORPORATION

United Against Human Trafficking (“the Organization” or “UAHT”) is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a public charity.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Financial Accounting Standards Board and the audit and accounting guide, “Not-For-Profit Organizations” published by the American Institute of Certified Public Accountants.

Basis of Accounting - The financial statements were prepared using the accrual basis of accounting. Under this method, revenues were recorded in the period earned and when the amount and timing of the revenue could be reasonably determined. Expenses were recognized at the time the liability arose which was normally at the time title passes or a service is received.

Fund-raising activities that have direct benefits to the donors are presented as net of direct expenses and for the other fund-raising events the revenues and expenses are reported as gross.

Basis of Presentation - The financial statements are presented on the basis of net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Assets and contributions with donor restrictions are shown as restricted in the period earned and reclassified to net assets without donor restrictions when the restrictions has been removed by time or actions of the board.

Cash and Cash Equivalents - The Organization considers demand deposit accounts and all highly liquid financial instruments with an original maturity of 12 months or less to be cash and cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Organization was not exposed to custodial credit risk as of year-end.

Contributions - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

UNITED AGAINST HUMAN TRAFFICKING
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions Receivable – Contributions are unconditional promises to give that are due within one year and recorded at net realizable value. Amounts due in more than one year are discounted to estimate the present value of future cash flows. All contributions receivable at year-end are expected to be collected within one year.

Donated Goods and Services – The Organization receives donated facilities including office space, furniture and equipment for use for Organization activities. These facilities would need to be leased if they were not donated and are recognized in the financial statements as in-kind support. Contributions of donated services are recorded at their fair values in the period received if the services received: (1) create or enhance nonfinancial assets or (2) require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services that do not meet the above criteria are not recorded. There are no donor restrictions on contributed services or assets.

Functional Expenses - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

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 effect certain reported amounts and disclosures. Actual results could differ from those estimates.

Subsequent Events – In preparing these financial statements, management has evaluated and disclosed all material subsequent events through August 25, 2022, which is the date these statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

At December 31, 2021, the Organization had cash and cash equivalents without donor restrictions of \$240,300. The Organization has existing grant programs from governments, corporations and foundations with continued funding into the next fiscal year of approximately \$1,206,000. The 2022 budget reflects cash and cash equivalents available for general expenditures totaling approximately \$1,774,700.

UNITED AGAINST HUMAN TRAFFICKING
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment are recorded at actual cost, including delivery and setup costs. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Property and equipment are depreciated using the straight-line method. Property and Equipment consist of the following as of December 31, 2021:

	January 1, 2021	Increases	Decreases	December 31, 2021
Capital Assets Subject to Depreciation				
Furniture and Equipment	\$ 15,211	\$ - 0 -	\$ 2,507	\$ 12,704
Accumulated Depreciation				
Furniture and Equipment	\$ 13,224	\$ 887	\$ 2,507	\$ 11,604
Total Property and Equipment, Net of Accumulated Depreciation	<u>\$ 1,987</u>	<u>\$ (887)</u>	<u>\$ - 0 -</u>	<u>\$ 1,100</u>

NOTE 5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are established by donor-imposed restrictions. The Organization receives donations and grants for specific programs. As the donor-specified purpose is satisfied, the amounts are released from restriction. Program activity is detailed below:

Description	January 1, 2021	Additions	Released	December 31, 2021
Government Grants	\$ 59,214	\$ 799,041	(831,486)	\$ 26,769
Corporations and Foundations	63,801	-	(63,801)	
	<u>\$ 123,015</u>	<u>\$ 799,041</u>	<u>\$ (895,287)</u>	<u>\$ 26,769</u>

NOTE 6. CONTINGENCIES

The Organization participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. Therefore, to the extent that the Organization has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the Organization, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants. Therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

