

**END HUMAN TRAFFICKING, INC.
FINANCIAL STATEMENTS**



For the Years Ended June 30, 2022 and 2021

**CARROLL and COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

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FREDERICK CARROLL III
FOUNDER (RETIRED)

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
End Human Trafficking, Inc.
Tallahassee, Florida

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of End Human Trafficking, Inc. (a nonprofit organization) (the Organization) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years 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 End Human Trafficking, Inc. as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
End Human Trafficking, Inc.
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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.

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 and *Government 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 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 and *Government 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.

To the Board of Directors
End Human Trafficking, Inc.
Page Three

- 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Carroll and Company

September 21, 2022

END HUMAN TRAFFICKING, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 227,836	\$ 67,290
Contribution receivable	25,000	25,000
Prepaid expenses	<u>42,277</u>	<u>4,489</u>
TOTAL CURRENT ASSETS	<u>295,113</u>	<u>96,779</u>
PROPERTY AND EQUIPMENT, net	<u>69,921</u>	<u>97,501</u>
TOTAL ASSETS	<u>\$ 365,034</u>	<u>\$ 194,280</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 12	\$ 189
Deferred revenue	2,000	-0-
Refundable advance	<u>500</u>	<u>-0-</u>
TOTAL CURRENT LIABILITIES	<u>2,512</u>	<u>189</u>
NET ASSETS		
Without donor restrictions	<u>362,522</u>	<u>194,091</u>
TOTAL NET ASSETS	<u>362,522</u>	<u>194,091</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 365,034</u>	<u>\$ 194,280</u>

See accompanying notes.

END HUMAN TRAFFICKING, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
REVENUE AND SUPPORT		
Contributions	\$ 355,554	\$ 90,947
Event revenue	101,000	-0-
In-kind contributions	<u>2,100</u>	<u>-0-</u>
TOTAL SUPPORT AND REVENUE	<u>458,654</u>	<u>90,947</u>
EXPENSES		
Program services	70,007	48,052
Supporting services:		
Management and general	65,158	34,973
Fundraising	<u>155,058</u>	<u>40,808</u>
TOTAL EXPENSES	<u>290,223</u>	<u>123,833</u>
CHANGE IN NET ASSETS	<u>168,431</u>	<u>(32,886)</u>
NET ASSETS, BEGINNING OF YEAR	<u>194,091</u>	<u>226,977</u>
NET ASSETS, END OF YEAR	<u>\$ 362,522</u>	<u>\$ 194,091</u>

See accompanying notes.

END HUMAN TRAFFICKING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2022 and 2021

2022

	Supporting Services			Total
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Event expenses	\$ 1,819	\$ 1,559	\$ 88,763	\$ 92,141
Payroll	28,000	24,000	28,000	80,000
Advertising	16,370	14,031	16,369	46,770
Depreciation	9,653	8,274	9,653	27,580
Professional services	4,253	3,645	4,252	12,150
Travel	1,253	7,847	1,252	10,352
Payroll taxes	2,274	1,949	2,275	6,498
Fees	1,888	1,619	1,888	5,395
Software subscriptions	893	764	891	2,548
Training course	1,890	-0-	-0-	1,890
Office supplies	610	523	610	1,743
Insurance	513	440	514	1,467
Cell phone	487	417	487	1,391
Professional development	104	90	104	298
TOTAL	\$ 70,007	\$ 65,158	\$ 155,058	\$ 290,223

See accompanying notes.

END HUMAN TRAFFICKING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
For the Years Ended June 30, 2022 and 2021

2021

	Supporting Services			
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Contract services - Executive Director	\$ 15,750	\$ 13,500	\$ 15,750	\$ 45,000
Depreciation	9,498	8,141	9,499	27,138
Payroll	7,000	6,000	7,000	20,000
Professional services	5,075	4,350	5,075	14,500
Training course	7,245	-0-	-0-	7,245
Advertising	1,076	922	1,076	3,074
Payroll taxes	602	515	602	1,719
Insurance	508	435	508	1,451
Software subscriptions	505	431	505	1,441
Cell phone	458	392	458	1,308
Office supplies	<u>335</u>	<u>287</u>	<u>335</u>	<u>957</u>
TOTAL	<u>\$ 48,052</u>	<u>\$ 34,973</u>	<u>\$ 40,808</u>	<u>\$ 123,833</u>

See accompanying notes.

END HUMAN TRAFFICKING, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Change in net assets	\$ 168,431	\$ (32,886)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	27,580	27,138
(Increase) decrease in:		
Prepaid expenses	(37,788)	(582)
Increase (decrease) in:		
Accounts payable and accrued expenses	(177)	189
Deferred revenue	2,000	-0-
Refundable advance	<u>500</u>	<u>-0-</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>160,546</u>	<u>(6,141)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-0-</u>	<u>(5,300)</u>
NET INCREASE (DECREASE) IN CASH	160,546	(11,441)
CASH, BEGINNING OF YEAR	<u>67,290</u>	<u>78,731</u>
CASH, END OF YEAR	<u>\$ 227,836</u>	<u>\$ 67,290</u>

See accompanying notes.

END HUMAN TRAFFICKING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Nature of the Organization

End Human Trafficking, Inc., also known as Florida Alliance to End Human Trafficking, (the Organization) was created on August 21, 2019 by the authority of Section 16.618, *Florida Statutes* as a direct-support organization of the Statewide Council on Human Trafficking (the Council), in the State of Florida Department of Legal Affairs, to provide assistance, funding, and promotional support to the Council and to assist in the fulfillment of the Council's purposes as set forth in the statutes. The Organization is operated exclusively to conduct programs and activities; solicit funds; request and receive grants, gifts, and bequests of money; acquire, receive, hold, invest, and administer, in its own name, property and funds; and make expenditures to or for the direct or indirect benefit of the Council as permitted under the statutes. In accordance with the statutes, the State of Florida Department of Legal Affairs permits the use of property, facilities, and personnel to assist in the operation of the Organization. The Organization's mission is to provide funding, support, and assistance to the statewide effort to end human trafficking through the following programs and activities:

- Provide training and information to law enforcement and industry that focuses on detecting human trafficking, best practices for reporting human trafficking, and the interventions and treatment for survivors of human trafficking;
- Form strategic partnerships to foster the development of community and private sector resources to advance the goals of the Council;
- Fund community and education-based statewide branding campaigns to raise awareness and to provide consistent messaging and branding throughout the state;
- Leverage emerging technology to assist law enforcement with research and data collection on human trafficking.

Basis of Accounting

The Organization's financial statements are presented on the accrual basis of accounting.

Basis of Presentation

In accordance with accounting principles generally accepted in the United States of America, the Organization is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

END HUMAN TRAFFICKING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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) 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. The Organization had no net assets with donor restrictions as of June 30, 2022 and 2021.

Revenue and Revenue Recognition

Revenues from fundraising events consisting of direct benefits provided to donors are recognized when the services have been performed and the products have been transferred, with the difference being reflected as contributions.

Revenue received in advance of the period in which it is earned is deferred to subsequent years. Deferred revenues are recognized as income at the later of either the date collected or on the day the performance obligation has been fulfilled.

Contract balances for contracts with customers consist of the following as of June 30:

	2022	2021
Contract liabilities:		
Deferred revenue, beginning of year	\$ -0-	\$ -0-
Deferred revenue, end of year	\$ 2,000	\$ -0-

Unconditional contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Conditional grants and contributions are recognized as revenue when the conditions on which they depend have been substantially met. Amounts received in excess of revenue recognized under conditional grants and contributions are reflected as refundable advances in the accompanying statements of financial position.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restriction ends or 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.

END HUMAN TRAFFICKING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Actual results may differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been presented on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain expenses have been allocated among the programs and supporting services benefited, based on management's assessment of time.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Contributions Receivable

Contributions receivable are stated at net realizable value, and accounts deemed uncollectible by management are expensed as bad debts. There is no material difference between the direct write-off method used by the Organization and the allowance method required by accounting principles generally accepted in the United States of America.

Property and Equipment

Property and equipment purchases are recorded at cost. Additions, improvements, and other capital outlays that exceed a threshold established by management and significantly extend the useful life of the asset are capitalized. Contributed assets are reported at fair market value as of the date received. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support without donor restrictions. All property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

Advertising

Advertising costs are expensed as incurred and total \$46,770 and \$3,074 for the years ended June 30, 2022 and 2021, respectively.

END HUMAN TRAFFICKING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Organization is a not-for-profit tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation under Section 509(a). The Organization is exempt from income taxes, except on net income from unrelated business activities. There was no federal income tax expense on unrelated business income for the years ended June 30, 2022 and 2021.

NOTE B – FAIR VALUE MEASUREMENTS

The Organization follows the provisions of the Financial Accounting Standards Board's Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These include quoted prices of similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

END HUMAN TRAFFICKING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE B – FAIR VALUE MEASUREMENTS (Continued)

The fair value of financial instruments including cash, contribution receivable, prepaid expenses, accounts payable and accrued expenses, deferred revenue, and refundable advance approximates carrying value, principally because of the short maturity of those items.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

NOTE C – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 227,836	\$ 67,290
Contribution receivable	<u>25,000</u>	<u>25,000</u>
 Total financial assets available to meet cash needs for general expenses within one year	 <u>\$ 252,836</u>	 <u>\$ 92,290</u>

The Organization monitors cash availability on a regular basis prior to preparing its accounts payable disbursements.

NOTE D – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	Estimated Useful Lives	2022	2021
Online training course	5 years	\$ 131,500	\$ 131,500
Website	5 years	5,300	5,300
Computers and equipment	3 – 10 years	1,099	1,099
		137,899	137,899
Less: Accumulated depreciation		(67,978)	(40,398)
TOTAL		\$ 69,921	\$ 97,501

END HUMAN TRAFFICKING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE E – CONCENTRATIONS OF CREDIT RISK

During the year ended June 30, 2021, the Organization received a substantial amount of its funding directly from the Focus for Health Foundation. This revenue represents fifty-five percent (55%) of total revenues for the year.

The Organization maintains its cash balance at one financial institution. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured bank balances as of June 30, 2022 and 2021.

NOTE F – RELATED PARTY TRANSACTIONS

During years ended June 30, 2022 and 2021, the Organization received \$44,000 and \$15,000 in donations from board members.

NOTE G – DONATED MATERIALS

During the year ended June 30, 2022, the Organization received in-kind contributions valued at approximately \$2,100, which are reflected in the accompanying statements of activities and functional expenses. These in-kind contributions consisted of donated materials, which were decorative items used for the fundraising event during the year ended June 30, 2022. In-kind contributions are reported as contributions at their estimated fair value at the time of receipt and reported as expense when utilized.

NOTE H – UNCERTAIN TAX POSITIONS

Management is not aware of any activities that would jeopardize the Organization's tax-exempt status, and believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of and for the years ended June 30, 2022 and 2021.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods.

NOTE I – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through September 21, 2022, the date which the financial statements were available to be issued.

In June 2022, the Organization's State of Florida appropriation of \$500,000 for fiscal year 2022 – 2023 was approved.

END HUMAN TRAFFICKING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
June 30, 2022

NOTE J – CHANGE IN ACCOUNTING PRINCIPLE

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency by requiring organizations to provide additional disclosures about contributions of nonfinancial assets. The Organization implemented ASU 2020-07 during the year ended June 30, 2022, and has adjusted the presentation in the financial statements accordingly.

**REPORT REQUIRED UNDER
*GOVERNMENT AUDITING STANDARDS***

CARROLL and COMPANY
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FREDERICK CARROLL III
FOUNDER (RETIRED)

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
End Human Trafficking, Inc.
Tallahassee, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of End Human Trafficking, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors
End Human Trafficking, Inc.
Page Two

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, which are described below, that we consider to be material weaknesses:

Bank Reconciliation – Uncleared Transactions

Observation/Recommendation

During the audit, we noted that the June 30, 2022 bank reconciliation listed approximately \$95,000 in uncleared transactions, primarily consisting of duplicate deposits. As a result, the cash and revenue balances were overstated.

Unreconciled differences should be investigated and adjusted, if necessary, on a monthly basis when performing the bank reconciliation.

Management's Response

Management has recognized the need to expand the internal controls and segregation of duties of the organization as it has grown from a staff of one. During the past year, management has utilized board members, specifically the Treasurer in the monthly review process of financial statement and balance sheet reconciliations. The board has approved the hire of an experienced bookkeeper who will assist with the monthly financial statements, recording of transactions and to ensure ongoing segregation of duties among the staff. The organization completed their review and onboarded the bookkeeper in late July, after the bulk of the audit preparation was completed. We are confident that this step and other ongoing development of policies and procedures will greatly enhance the accounting functions within the organization.

Adjustments to Financial Statements

Observation/Recommendation

During the audit, we proposed certain journal entries to adjust the Organization's financial statements in accordance with generally accepted accounting principles. These entries included adjusting the contribution receivable, prepaid expenses, and various expense accounts as of and for the year ended June 30, 2022, as well as adjusting beginning net assets.

Management should review the adjustments prepared in the current year audit and consider them in preparing closing entries in future years.

To the Board of Directors
End Human Trafficking, Inc.
Page Three

Management's Response

Management will review the proposed adjusting entries and will make the necessary corrections within the accounting system. Management has recognized the need to expand the internal controls and segregation of duties of the organization as it has grown from a staff of one. The board has approved the hire of an experienced bookkeeper who will assist with the monthly financial statements, recording of transactions and to ensure ongoing segregation of duties among the staff. The organization completed their review and onboarded the bookkeeper in late July, after the bulk of the audit preparation was completed. We are confident that this step and other ongoing development of policies and procedures will greatly enhance the accounting functions within the organization.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain other matter, which is described below:

Financial Control Policy Adherence

Observation/Recommendation

The Organization has a procedure in place for the Board Chair to review, approve, and authorize the Executive Director to remit online bill pay for certain disbursements. However, during the audit, we noted no documentation of the Board Chair's approval for a particular invoice.

Management should adhere to the policies in place regarding the Board Chair's approval of disbursements and documentation of such approval.

Management's Response

Management has recognized the need to expand the internal controls and segregation of duties of the organization as it has grown from a staff of one. The board has approved the hire of an experienced bookkeeper who will assist with the monthly financial statements, recording of transactions and to ensure ongoing segregation of duties among the staff. The organization completed their review and onboarded the bookkeeper in late July, after the bulk of the audit preparation was completed. We have already instituted a new process and check request form

To the Board of Directors
End Human Trafficking, Inc.
Page Four

for disbursements, requiring the Executive Director's signature on all disbursements and the Board Chair's signature on all disbursements above \$10,000. Implementing this new process has ensured the separation of the approval process of disbursements from the recording process and has allowed for greater controls in place on all disbursements. We are confident that this step and other ongoing development of policies and procedures will greatly enhance the accounting functions within the organization.

The Organization's written response to the material weakness and other matter identified in our audit has not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Carroll and Company

September 21, 2022

CARROLL and COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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KACIE K. MCCLLOUD, CPA
STEPHEN C. ROEDER, CPA

September 21, 2022

To the Board of Directors
End Human Trafficking, Inc.
Tallahassee, Florida

We have audited the financial statements of End Human Trafficking, Inc. (a nonprofit organization) (the Organization) for the years ended June 30, 2022 and 2021, and have issued our report thereon dated September 21, 2022. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards and Government Auditing Standards

As stated in our engagement letter dated June 24, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free from material misstatement.

As part of our audit, we considered the internal control of the Organization. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of the Organization's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in Note A to the financial statements.

As described in Note J to the financial statements, the Organization implemented the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* during 2022.

We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of the useful life of the online training program. We evaluated key factors and assumptions used to develop the estimated useful life in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes material misstatements detected as a result of audit procedures that have been corrected by management.

To the Board of Directors
End Human Trafficking, Inc.
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Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of End Human Trafficking, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Carroll and Company

Client: END HUMAN TRAFFICKING, INC.
 Report: Adjusting Journal Entries
 Year Ended: June 30, 2022

Account	Description	Debit	Credit	Net Income Effect
AJE01				
To adjust beginning net assets.				
1100	Grant Receivable	25,000.00	0.00	
1200	Prepaid Expenses	4,488.60	0.00	
1300	Computers & Equipment	1,098.64	0.00	
1301	Online Training Course	131,500.00	0.00	
1302	Website	5,300.00	0.00	
3050	Taxes & Licenses	767.92	0.00	
1305	Accumulated Depreciation	0.00	40,397.92	
1500	Retained Earnings	0.00	127,757.24	
Total		168,155.16	168,155.16	(767.92)
AJE02				
To adjust cash and revenue/expenses at 6/30/2022.				
2005	Sales	32,300.00	0.00	
2006	Sales:2021 Fundraiser	67,015.44	0.00	
2006	Sales:2021 Fundraiser	0.00	3,325.13	
3040	Payroll Expenses: Taxes	0.00	189.00	
3050	Taxes & Licenses	0.00	767.92	
1000	Business Advantage Chk - 9455 (9455)	0.00	95,033.39	
Total		99,315.44	99,315.44	(95,033.39)
AJE03				
To reverse PY accounts receivable.				
2002	Sales:Foundation Contribution	25,000.00	0.00	
1100	Grant Receivable	0.00	25,000.00	
Total		25,000.00	25,000.00	(25,000.00)
AJE04				
To record grant receivable for Focus for Health Foundation grant.				
1100	Grant Receivable	25,000.00	0.00	
2002	Sales:Foundation Contribution	0.00	25,000.00	
Total		25,000.00	25,000.00	25,000.00
AJE05				
To accounts receivable at 6/30/2022.				
2005	Sales	10,000.00	0.00	
1101	Accounts Receivable (A/R)	0.00	10,000.00	
Total		10,000.00	10,000.00	(10,000.00)
AJE06				
To adjust prepaid expenses at 6/30/2022.				
3001.1	Advertising & Marketing: 2021 Fundraiser Expenses	3,084.00	0.00	
3003	Cell Phone	107.14	0.00	
3006	Insurance	1,297.46	0.00	
1200	Prepaid Expenses	37,788.75	0.00	
3001.6	Advertising & Marketing:2022 Fundraising Expenses	0.00	40,975.00	
3006	Insurance	0.00	1,302.35	
Total		42,277.35	42,277.35	37,788.75
AJE07				
To reclassify deferred revenue and refundable advance at 6/30/2022.				
2007	Sales:2023 Golf Tournament	2,500.00	0.00	
1450	Deferred Revenue	0.00	2,000.00	
1451	Refundable Advance	0.00	500.00	
Total		2,500.00	2,500.00	(2,500.00)
AJE08				
To record current year depreciation expense				
3018	Depreciation Expense	27,579.73	0.00	
1305	Accumulated Depreciation	0.00	27,579.73	
Total		27,579.73	27,579.73	(27,579.73)
AJE09				
To record FY 2022 credit card transactions.				
3001.2	Advertising & Marketing: Printing	108.22	0.00	
3001.6	Advertising & Marketing:2022 Fundraising Expenses	5,582.28	0.00	
3007.2	Office Supplies & Software: Web Maintenance	280.65	0.00	
3010	Other Business Expenses	125.00	0.00	
3021	Travel: Travel - BOD Meeting Reimbursement	4,617.27	0.00	

3049	Reimbursable Expenses - Board Meeting Travel	0.00	276.41	
1401	Credit Card - American Express	0.00	10,437.01	
Total		<u>10,713.42</u>	<u>10,713.42</u>	<u>(10,437.01)</u>
AJE10				
To record inkind contribution received during FY 2022.				
3055	Inkind Expense	2,100.00	0.00	
2010	Inkind Contribution	0.00	2,100.00	
Total		<u>2,100.00</u>	<u>2,100.00</u>	<u>0.00</u>
AJE11				
To reclassify merchant service transaction fees at 6/30/2022.				
3054	Merchant Service Fees	2,431.75	0.00	
2006	Sales:2021 Fundraiser	0.00	2,431.75	
3054	Merchant Service Fees	807.62	0.00	
2006	Sales:2021 Fundraiser	0.00	807.62	
Total		<u>3,239.37</u>	<u>3,239.37</u>	<u>0.00</u>
GRAND TOTAL		<u>415,880.47</u>	<u>415,880.47</u>	<u>(108,529.30)</u>