

END HUMAN TRAFFICKING, INC.
(a/k/a)
FLORIDA ALLIANCE TO END HUMAN
TRAFFICKING
Tallahassee, Florida

FINANCIAL STATEMENTS

Years Ended June 30, 2023 and 2022

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
End Human Trafficking, Inc.
a/k/a Florida Alliance to End Human Trafficking
Tallahassee, Florida

Opinion

We have audited the accompanying financial statements of End Human Trafficking, Inc. a/k/a Florida Alliance to End Human Trafficking (the "Organization", a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities 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 June 30, 2023, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' 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 End Human Trafficking, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2023, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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.

Other Matter

The financial statements of the Organization for the year ended June 30, 2022, were audited by another auditor, who expressed an unmodified opinion on those statements on September 21, 2022.

Thomson Black & Company

Tallahassee, Florida
December 20, 2023

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 409,961	\$ 227,836
Contribution receivable	35,250	25,000
Prepaid expenses	<u>68,491</u>	<u>42,277</u>
TOTAL CURRENT ASSETS	513,702	295,113
NON CURRENT ASSETS		
Furniture and equipment, net	<u>77,839</u>	<u>69,921</u>
	<u>\$ 591,541</u>	<u>\$ 365,034</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,601	\$ 12
Deferred revenue	-	2,000
Refundable advance	<u>42,246</u>	<u>500</u>
TOTAL CURRENT LIABILITIES	44,847	2,512
NET ASSETS		
Without donor restrictions	<u>546,694</u>	<u>362,522</u>
TOTAL NET ASSETS	<u>546,694</u>	<u>362,522</u>
	<u>\$ 591,541</u>	<u>\$ 365,034</u>

See accompanying notes.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
REVENUE AND SUPPORT		
Contributions	\$ 92,362	\$ 80,417
Grant	71,274	-
Event revenue	473,130	376,137
In-kind contributions	<u>-</u>	<u>2,100</u>
TOTAL REVENUE AND SUPPORT	636,766	458,654
EXPENSES		
Program services	107,218	70,007
Supporting services:		
Management and general	102,800	65,158
Fundraising	<u>242,576</u>	<u>155,058</u>
TOTAL EXPENSES	<u>452,594</u>	<u>290,223</u>
CHANGE IN NET ASSETS	184,172	168,431
BEGINNING NET ASSETS	<u>362,522</u>	<u>194,091</u>
ENDING NET ASSETS	\$ <u><u>546,694</u></u>	\$ <u><u>362,522</u></u>

See accompanying notes.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	
Event expenses	\$ -	\$ -	\$ 163,315	\$ 163,315
Payroll	58,214	58,214	45,009	161,437
Professional services	13,671	13,671	10,570	37,912
Depreciation	10,021	10,021	7,748	27,790
Advertising	6,324	6,324	4,890	17,538
Payroll taxes	4,523	4,523	3,497	12,543
Insurance	4,370	4,370	3,378	12,118
Fees	1,969	1,969	1,523	5,461
Training course	4,704	-	-	4,704
Travel	1,124	1,410	869	3,403
Software subscriptions	1,154	1,154	893	3,201
Office supplies	710	710	549	1,969
Cell phone	420	420	324	1,164
Professional development	14	14	11	39
	<u>\$ 107,218</u>	<u>\$ 102,800</u>	<u>\$ 242,576</u>	<u>\$ 452,594</u>

See accompanying notes.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

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

See accompanying notes.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 184,172	\$ 168,431
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	27,790	27,580
(Increase) decrease in:		
Grants receivable	(10,250)	-
Prepaid expenses	(26,214)	(37,788)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,589	(177)
Deferred revenue	(2,000)	2,000
Refundable advance	<u>41,746</u>	<u>500</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	217,833	160,546
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(<u>35,708</u>)	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	(<u>35,708</u>)	<u>-</u>
NET INCREASE IN CASH	182,125	160,546
BEGINNING CASH	<u>227,836</u>	<u>67,290</u>
ENDING CASH \$	<u>409,961</u>	<u>227,836</u>

See accompanying notes.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies and practices of End Human Trafficking, Inc. a/k/a Florida Alliance to End Human Trafficking which affect significant elements of the accompanying financial statements.

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 financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly, reflect all significant receivables, payables, and other liabilities.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, the Organization's net assets and changes thereto are classified and reported as follows:

- 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, 2023 and 2022.

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

	2023	2022
Contract liabilities:		
Deferred revenue	\$ <u> -</u>	\$ <u> 2,000</u>

Unconditional contributions are recognized when cash, or other assets, and 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 statements.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restrictions ends or purpose restrictions is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in the 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.

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.

Functional Allocation of Expenses - The costs of providing the various services 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 categories of expenses have been allocated among the programs and supporting services benefited, based on management's assessment of time and effort.

Cash and Cash Equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid investments with 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-offs 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 \$17,538 and \$46,770 for the years ended June 30, 2023 and 2022, respectively.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 1 - 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, 2023 and 2022.

NOTE 2 - 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 positions, comprise the following as of June 30:

	<u>2023</u>	<u>2022</u>
Cash	\$ 409,961	\$ 227,836
Contribution receivable	<u>35,250</u>	<u>25,000</u>
Total financial assets available to meet cash needs for General expenses within one year	\$ <u><u>445,211</u></u>	\$ <u><u>252,836</u></u>

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

NOTE 3 - PROPERTY AND EQUIPMENT

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

	<u>Estimated Useful Lives</u>	<u>2023</u>	<u>2022</u>
Online training course	5 years	\$ 166,158	\$ 131,500
Website	5 years	5,300	5,300
Computers and equipment	3 – 10 years	<u>2,149</u>	<u>1,099</u>
		173,607	137,899
Accumulated depreciation		(<u>95,768</u>)	(<u>67,978</u>)
		\$ <u><u>77,839</u></u>	\$ <u><u>69,921</u></u>

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 4 - CONCENTRATIONS OF CREDIT RISK

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 \$160,953 and \$0 of uninsured bank balances as of June 30, 2023 and 2022, respectively.

NOTE 5 - RELATED PARTY TRANSACTIONS

During years ended June 30, 2023 and 2022, the Organization received \$7,500 and \$49,000 donations from board members, respectively.

NOTE 6 - DONATED MATERIALS

During the year ended June 30, 2023 and 2022, the Organization received in-kind contributions valued at approximately \$0 and \$2,100, respectively, which are reflected in the accompanying statements of activities and functional expenses. The in-kind contributions consisted of donated materials, which were decorative items used for the fundraising event during the years ended June 30, 2023 and 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 7 - 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, 2023 and 2022.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to June 30, 2020.

NOTE 8 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 20, 2023, the date which the financial statements were available to be issued.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2023 and 2022

NOTE 9 – CHANGE IN ACCOUNTING PRINCIPLE

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization adopted these ASUs effective June 30, 2023. The Organization does not have any leases included in the ASUs, as such, the adoption did not have any impact on the Organization's statement of financial position or on the statement of activities and no restatement was needed.

NOTE 10 – RECLASSIFICATION

Certain reclassifications have been made to the 2022 financial statements presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

**OTHER REPORTING REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

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OF COUNSEL
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W. FREDERICK THOMSON, C.P.A.

INDEPENDENT AUDITORS' 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.
a/k/a Florida Alliance to End Human Trafficking
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. (the "Organization", a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 December 20, 2023.

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.

Our consideration of the 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 a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weaknesses.

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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2023-002.

Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Thomson Brock & Company

Tallahassee, Florida
December 20, 2023

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2023

CURRENT YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

2023-001: Adjustments to Financial Statements (repeated from prior year) – Material Weakness

Criteria – Financial statements to be fairly stated in accordance with Generally Accepted Accounting Principles.

Condition – Prior year journal entries that were reviewed and accepted by management were not posted into the accounting system. Additionally, costs incurred for the training software were not capitalized and amortized over their useful lives.

Cause – Subsequent to the completion of the 2021/2022 audit, the CPA firm conducting the audit notified the FL Alliance that they were discontinuing audit services for all not-for-profit clients. Management was not aware that the CPA firm’s proposed adjustments were not recorded at that time as the firm had access to Quickbooks and historically those transactions were recorded at that time.

Effect – Financial statements were materially misstated requiring audit adjustments in order to be fairly presented in accordance with Generally Accepted Accounting Principles.

Recommendation – Post year end audit adjustments to the accounting system after they are reviewed and accepted by management, reconcile balances from financial statements to accounting software. Additionally, identify expenditures that exceed the capitalization threshold that benefit future periods and depreciate/amortize those items over their respective useful lives.

Management’s Response – Management will ensure all audit recommendations are approved and recorded upon completion of the audit

2023-002: Separation of Duties and Proper Approval of Payments (repeated from prior year) – Other Matter

Criteria – Establish and maintain internal control to achieve the objectives of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2023

Condition – The Organization’s Fiscal Policies and Procedures, prior to the implementation of a check request form in late September 2022, did not adequately require documentation of approval by the Executive Director or Board Chair prior to the payment being made.

Cause – The audit finding from the prior year and resolution of it was not discovered until three months into the fiscal year.

Effect – The Organization lacked proper internal control in documenting approval of expenses for the first 3 months of the fiscal year. Subsequently, the Organization implemented a check request form to document the approval by the Executive Director.

Recommendation – Management has implemented the following processes during the fiscal year being audited:

- Hired a bookkeeper to record activity in the accounting software, segregating the duty of recording transactions.
- Created a check request form that is to be used by the Executive Director in documenting the approval of expenditures
- Board Chair’s approval is required for all disbursements greater than \$10,000.

The actions taken by management are reasonable based on the size of the Organization and no further recommendation is being made.

Management’s Response – Subsequent to the closing of the prior year financial statements and before receipt of the 2021/2022 audit report, the FL Alliance implemented a series of changes to incorporate additional internal controls and procedures. In July we hired a bookkeeper to ensure ongoing accounting functions were recorded timely and to segregate the recording functions. We implemented a check request review and approval process that documented all transactions were approved. We documented a monthly financial statement process and incorporated board reviews for expenditures above \$10,000. All of these activities were implemented prior to receipt of the prior year audit, however, some were not fully implemented until after the start of the fiscal year.

Management will document a formal review and approval of all recurring transactions each year to ensure management oversight of recurring expenditures.

**END HUMAN TRAFFICKING, INC.
A/K/A FLORIDA ALLIANCE TO END HUMAN TRAFFICKING
SCHEDULE OF FINDINGS AND RESPONSES
Year Ended June 30, 2023**

PRIOR YEAR FINDINGS – FINANCIAL STATEMENT AUDIT

Bank Reconciliations – Uncleared Transactions - RESOLVED

Summary of Finding – During the prior year audit, the auditors noted that the June 30, 2022 bank reconciliation listed approximately \$95,000 in uncleared transactions, primarily consisting of duplicate deposits.

Current Year Follow-up – In the current year while testing the cash reconciliation, we noted less than \$1,000 in uncleared transactions that were old which is not material to the financial statements. This finding is considered to be resolved.

Adjustments to Financial Statements – (See finding 2023-001)

Summary of Finding – During the prior year audit, the auditors proposed certain journal entries to adjust the Organization’s financial statements in accordance with generally accepted accounting principles.

Current Year Follow-up – See finding 2023-001

Financial Control Policy Adherence – (See finding 2023-002)

Summary of Finding – During the prior year audit, the auditors noted that the Organization’s procedure in place was to have the Board Chair review, approve and authorize the Executive Director to remit online bill pay for certain disbursements. However, no documentation was provided for a particular invoice.

Current Year Follow-up – See finding 2023-002