

TRUCKERS AGAINST TRAFFICKING

Modified Cash Basis Financial Statements
As Of December 31, 2015

Together With Independent Auditors' Report

JDS professional
group
certified public accountants, consultants and advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Truckers Against Trafficking:

Report on the Financial Statements

We have audited the accompanying financial statements of Truckers Against Trafficking (the "Organization"), which comprise the statement of financial position - modified cash basis as of December 31, 2015, and the related statements of activities, and cash flows - modified cash basis for the year ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we

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express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Truckers Against Trafficking as of December 31, 2015, and the change in net assets for the year then ended, in accordance with the basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

JDS Professional Group

May 3, 2016

TRUCKERS AGAINST TRAFFICKING

Statement Of Financial Position - Modified Cash Basis
As Of December 31, 2015

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ASSETS

Cash and cash equivalents	<u>\$ 244,819</u>
Inventory	<u>4,221</u>
Property and equipment	40,000
Less: Accumulated depreciation	<u>(14,666)</u>
	<u>25,334</u>
TOTAL ASSETS	<u><u>\$ 274,374</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accrued payroll tax liability	<u>\$ 5,588</u>
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Net Assets:

Unrestricted	238,858
Temporarily Restricted	<u>29,928</u>
Total Net Assets	<u>268,786</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 274,374</u></u>
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The accompanying notes are an integral part of the financial statements.

TRUCKERS AGAINST TRAFFICKING

Statement Of Activities - Modified Cash Basis
For The Year Ended December 31, 2015

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support And Revenue:			
Contributions and grants	\$ 460,738	\$ 35,000	\$ 495,738
In-kind contributions	86,691		86,691
Special events	18,774		18,774
Government contracts	8,110		8,110
Other income	459		459
Net assets released from restriction - Satisfaction of purpose restrictions	<u>5,072</u>	<u>(5,072)</u>	<u>0</u>
Total Support And Revenue	<u>579,844</u>	<u>29,928</u>	<u>609,772</u>
Expenses:			
Program Services - Training and education	<u>508,941</u>		<u>508,941</u>
Supporting Services - General administration	53,023		53,023
Fundraising	<u>22,563</u>		<u>22,563</u>
Total Supporting Services	<u>75,586</u>		<u>75,586</u>
Total Expenses	<u>584,527</u>		<u>584,527</u>
CHANGES IN NET ASSETS	(4,683)	29,928	25,245
Net Assets, Beginning Of Year	<u>243,541</u>		<u>243,541</u>
NET ASSETS, END OF YEAR	<u>\$ 238,858</u>	<u>\$ 29,928</u>	<u>\$ 268,786</u>

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

TRUCKERS AGAINST TRAFFICKING

Statement Of Cash Flows - Modified Cash Basis
For The Year Ended December 31, 2015

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Cash flows from operating activities:	
Changes in net assets	\$ 25,245
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation expense	7,999
Increase in accrued payroll tax liability	2,586
Decrease in inventory	<u>2,117</u>
Net cash provided by operating activities	<u>37,947</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	37,947
Cash and Cash Equivalents, Beginning Of Year	<u>206,872</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 244,819</u></u>

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

TRUCKERS AGAINST TRAFFICKING

Notes To Financial Statements
For The Year Ended December 31, 2015

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(1) **Nature Of Organization**

Truckers Against Trafficking (the "Organization"), a not-for-profit corporation, that exists to educate, equip, empower, and mobilize members of the trucking and travel plaza industry to combat domestic sex trafficking.

(2) **Summary Of Significant Accounting Policies**

Method Of Accounting

The Organization's policy is to prepare its financial statements on the modified cash basis of accounting; consequently, contributions and other revenues are recognized when received rather than when promised or earned, and certain expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Basis Of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of December 31, 2015, the Organization only had unrestricted and temporarily restricted net assets.

Statement Of Cash Flows

For purposes of the statement of cash flows, cash and cash equivalents consists of checking and savings accounts.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Inventory

Inventory consisted of sales merchandise and is reflected at the lower of cost or market.

Property And Equipment

Property and equipment is stated at acquisition cost or, if donated, at its estimated fair market value at the date of the donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 years. The Organization's capitalization policy is to capitalize purchases of assets with a useful life of more than one year and a cost of \$500 or more.

Contributions And Grants

Contributions and grants received are recorded as unrestricted or temporarily restricted support, depending on the existence or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Donated Goods and Services

Donated goods and services, which meet the criteria for recognition, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. During the year ended December 31, 2015, the Organization recorded donated goods and services in the amount of \$41,920 and \$44,771, respectively which are reflected in program services.

The accompanying financial statements do not reflect the estimated fair value of certain other donated goods and services that do not meet the criteria for recognition.

Revenue Recognition

Government contract revenue is recognized when expenditures are incurred. Other revenue is recognized when earned.

Functional Allocation Of Expenses

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs are allocated among the program and supporting services benefitted.

Evaluation of Subsequent Events

The Organization has performed an evaluation of subsequent events through May 3, 2016, 2016, 2014, which is the date the financial statements were available to be issued, and has considered any relevant matters in the preparation of the financial statements and footnotes.

(3) Tax Exempt Status

The Organization has previously received notice from the Internal Revenue Service of exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements contain no provision for income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(1).

The Organization follows the *Accounting for Uncertainty in Income Taxes* accounting standard which requires the Organization to determine whether a tax position (and the related tax benefit) is more likely than not to be sustained upon examination by the applicable taxing authority, based solely on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon settlement, presuming that the tax position is examined by the appropriate taxing authority that has full knowledge of all relevant information. During the year ended December 31, 2015, the Organization's management evaluated its tax positions to determine the existence of uncertainties, and did not note any matters that would require recognition or which may have an affect on its tax-exempt status.

The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for years ending prior to 2012. The years subsequent to this year contain matters that could be subject to differing interpretations of applicable tax laws and regulations. Although the outcome of tax audits is uncertain, the Organization believes no issues would arise.

(4) Temporarily Restricted Net Assets

As of December 31, 2015, temporarily restricted net assets amounted to \$29,928 and were restricted for the coalition builds program.