

**TRUCKERS AGAINST TRAFFICKING**

Modified Cash Basis Financial Statements  
As Of December 31, 2017

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, 2017, 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, 2017, 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 23, 2018

# TRUCKERS AGAINST TRAFFICKING

Statement Of Financial Position - Modified Cash Basis  
As Of December 31, 2017

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## ASSETS

Cash and cash equivalents	\$ 204,719
Inventory	3,007
Investments	181,576
Property and equipment, net of accumulated depreciation of \$30,667	<u>9,333</u>

**TOTAL ASSETS** \$ 398,635

## LIABILITIES AND NET ASSETS

### Liabilities:

Accrued payroll tax liability	<u>\$ 10,312</u>
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### Net Assets:

Unrestricted	374,744
Temporarily restricted	<u>13,579</u>
Total Net Assets	<u>388,323</u>

**TOTAL LIABILITIES AND NET ASSETS** \$ 398,635

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, 2017

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	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support And Revenue:			
Contributions and grants	\$ 740,449	\$ 40,000	\$ 780,449
In-kind contributions	222,861		222,861
Government contracts	10,981		10,981
Other income	3,252		3,252
Net assets released from restriction - Satisfaction of purpose restrictions	<u>37,601</u>	<u>(37,601)</u>	
Total Support And Revenue	<u>1,015,144</u>	<u>2,399</u>	<u>1,017,543</u>
Expenses:			
Program Services -			
Training and education	<u>838,575</u>		<u>838,575</u>
Supporting Services -			
General administration	72,154		72,154
Fundraising	<u>30,082</u>		<u>30,082</u>
Total Supporting Services	<u>102,236</u>		<u>102,236</u>
Total Expenses	<u>940,811</u>		<u>940,811</u>
<b>CHANGES IN NET ASSETS</b>	74,333	2,399	76,732
Net Assets, Beginning Of Year	<u>300,411</u>	<u>11,180</u>	<u>311,591</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 374,744</u>	<u>\$ 13,579</u>	<u>\$ 388,323</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, 2017

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Cash flows from operating activities:	
Changes in net assets	\$ 76,732
Adjustments to reconcile changes in net assets to net cash provided by operating activities:	
Depreciation expense	8,000
Increase in accrued payroll tax liability	3,428
Decrease in inventory	<u>1,290</u>
Net cash provided by operating activities	89,450
 Cash flows from investing activities:	
Purchases of investments	<u>(181,576)</u>
 <b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 (92,126)
 Cash and Cash Equivalents, Beginning Of Year	 <u>296,845</u>
 <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	 <u><u>\$ 204,719</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, 2017

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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, 2017, 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 the modified cash basis of accounting 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.

**Fair Value Measurements**

The Organization follows Fair Value Measurements which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The

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hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

*Certificates of deposit:* The fair value of the certificates of deposit is based on amortized cost or original cost plus accrued interest.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, 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 fair value measurement at the reporting date.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is



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reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statement of financial position.

The carrying amount reported in the statement of financial position for cash and cash equivalents and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments.

#### 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, 2017, the Organization recorded donated goods and services in the amount of \$113,012 and \$109,849, 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.

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**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 23, 2018, 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, 2017, 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.

## TRUCKERS AGAINST TRAFFICKING

Notes To Financial Statements (Continued)

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The Organization is no longer subject to U.S. federal tax audits on its Form 990 by taxing authorities for years ending prior to 2014. 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) **Investments**

As of December 31, 2017, the Organization's investments consisted of certificates of deposits which are considered to be level 1 investments under the fair value hierarchy.

(5) **Temporarily Restricted Net Assets**

As of December 31, 2017, temporarily restricted net assets amounted to \$13,579 and were restricted for the Coalition Build program.