



# The Exodus Road

EMPOWERING RESCUE

FINANCIAL STATEMENTS  
With Independent Auditors' Report

December 31, 2014 and 2013

# THE EXODUS ROAD

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6

## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
The Exodus Road  
Colorado Springs, Colorado

We have audited the accompanying financial statements of The Exodus Road, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years then 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 accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 entity'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 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.

Board of Directors  
The Exodus Road  
Colorado Springs, Colorado

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Exodus Road as of December 31, 2014 and 2013, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Capin Crouse LLP*

Colorado Springs, Colorado  
August 26, 2015

# THE EXODUS ROAD

## Statements of Financial Position

	December 31,	
	2014	2013
<b>ASSETS:</b>		
Cash	\$ 138,909	\$ 59,145
Accounts receivable	2,933	-
Inventory	2,514	3,999
Prepaid expenses	2,000	1,200
Equipment–net	55,710	-
<b>Total Assets</b>	<b>\$ 202,066</b>	<b>\$ 64,344</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accrued expenses	\$ 21,225	\$ 12,542
<b>Net assets:</b>		
Unrestricted	1,763	51,802
Net assets in fixed assets	55,710	-
	57,473	51,802
Temporarily restricted	123,368	-
	180,841	51,802
<b>Total Liabilities and Net Assets</b>	<b>\$ 202,066</b>	<b>\$ 64,344</b>

See notes to financial statements

# THE EXODUS ROAD

## Statements of Activities

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT:</b>						
Contributions	\$ 413,062	\$ 425,124	\$ 838,186	\$ 386,338	\$ 215,323	\$ 601,661
Gifts-in-kind	191,340	-	191,340	410,000	-	410,000
Sales and other income	1,744	-	1,744	7,195	-	7,195
Total Revenue and Support	606,146	425,124	1,031,270	803,533	215,323	1,018,856
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	301,756	(301,756)	-	215,323	(215,323)	-
<b>EXPENSES:</b>						
Program services	642,968	-	642,968	792,005	-	792,005
Supporting activities:						
General and administrative	101,968	-	101,968	124,071	-	124,071
Fund-raising	157,295	-	157,295	52,304	-	52,304
	259,263	-	259,263	176,375	-	176,375
Total Expenses	902,231	-	902,231	968,380	-	968,380
Change in Net Assets	5,671	123,368	129,039	50,476	-	50,476
Net Assets, Beginning of Year	51,802	-	51,802	1,326	-	1,326
Net Assets, End of Year	\$ 57,473	\$ 123,368	\$ 180,841	\$ 51,802	\$ -	\$ 51,802

See notes to financial statements

# THE EXODUS ROAD

## Statements of Cash Flows

	Year Ended December 31,	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 129,039	\$ 50,476
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	6,190	-
Donated equipment	(61,900)	-
Changes in operating assets and liabilities:		
Accounts receivable	(2,933)	-
Inventory	1,485	(3,999)
Prepaid expenses	(800)	(1,200)
Accrued expenses and other liabilities	8,683	12,542
Net Cash Provided by Operating Activities	<u>79,764</u>	<u>57,819</u>
Change in Cash	79,764	57,819
Cash, Beginning of Year	<u>59,145</u>	<u>1,326</u>
Cash, End of Year	<u>\$ 138,909</u>	<u>\$ 59,145</u>

See notes to financial statements

# THE EXODUS ROAD

## Notes to Financial Statements

December 31, 2014 and 2013

1. NATURE OF ORGANIZATION:

The Exodus Road (Exodus) exists in order to empower the deliverance of sex slaves. They operate primarily in Southeast Asia and the United States of America to fuel already existing teams working with local police. By partnering with them to provide covert gear, operational funding, training and networking support, they have been able to free hundreds of victims from slavery.

Exodus is a not-for-profit organization incorporated in the State of Colorado, is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code.

2. SIGNIFICANT ACCOUNTING POLICIES:

Exodus maintains its accounts and prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. 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 the reported amounts of assets and liabilities, disclosures of any contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from the estimates. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### CASH

Cash consists of a checking account and petty cash. The account, at times, may exceed federally insured limits. Exodus has not experienced any losses on the account and believes it is not exposed to any significant credit risk.

### EQUIPMENT–NET

Exodus capitalizes fixed asset purchases and gift-in-kind donations exceeding \$3,000 and expenses lesser amounts in the year purchased. Purchases are recorded at cost. Donated items are recorded at their fair market value on the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of five years for equipment.

### NET ASSETS

The financial statements report amounts by class of net assets as follows:

*Unrestricted net assets* are those currently available to support Exodus' operations and those resources invested in property and equipment.

*Temporarily restricted net assets* are comprised of donor-restricted contributions for the support of Exodus' projects.



# THE EXODUS ROAD

## Notes to Financial Statements

December 31, 2014 and 2013

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, AND EXPENSES

Contributions are recorded when made, which may be when cash and other assets are received or unconditionally promised. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

#### GIFTS-IN-KIND

Gifts-in-kind are recognized as support and revenue. Contributed services are recognized at their estimated fair value only when they create or enhance non-financial assets or require specialized skills by the individual providing the service and the service would typically need to be purchased if not donated. During the year ended December 31, 2014 and 2013, Exodus received donated services from its field director in Thailand, its marketing and business consultant, and from multiple field investigators. These skilled services have been recorded at a combined estimated fair value of \$74,000 and \$410,000 for the years ended December 31, 2014 and 2013, respectively. Donated goods and equipment are recognized at their estimated fair market value at the date of the gift, and are valued at \$117,340 for the year ended December 31, 2014.

#### ALLOCATION OF EXPENSES

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

#### UNCERTAIN TAX POSITIONS

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2014, Exodus had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

Exodus' federal Return of Organization Exempt from Income Tax Form 990 for the year ended December 31, 2013 is subject to examination by the IRS, generally for three years after it was filed.

#### RECLASSIFICATIONS

Certain amounts in the 2013 financial statements have been reclassified to conform with current year presentation.

# THE EXODUS ROAD

## Notes to Financial Statements

December 31, 2014 and 2013

3. EQUIPMENT-NET:

Equipment-net consists of:

	December 31,	
	2014	2013
Surveillance equipment	\$ 61,900	\$ -
Accumulated depreciation	(6,190)	-
	<u>\$ 55,710</u>	<u>\$ -</u>

4. OPERATING LEASE:

Exodus has a non-cancellable operating lease for office space for its operations in Colorado Springs, expiring in July 2016. Lease expense for the year ended December 31, 2014 was \$10,000. Future minimum payments are as follows:

<u>Year Ending December 31,</u>	
2015	24,000
2016	<u>14,000</u>
	<u>\$ 38,000</u>

5. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.