



# The Exodus Road

EMPOWERING RESCUE

## THE EXODUS ROAD

Financial Statements  
With Independent Auditors' Report

December 31, 2020 and 2019

# THE EXODUS ROAD

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## **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, 2020 and 2019, and the related statements of activities, functional expenses, 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, 2020 and 2019, 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  
April 21, 2021

# THE EXODUS ROAD

## Statements of Financial Position

	December 31,	
	<u>2020</u>	<u>2019</u>
ASSETS:		
Cash	\$ 687,986	\$ 258,273
Pledges receivable	57,498	65,774
Investments	-	15,438
Prepaid expenses	26,188	25,190
Inventory	2,500	9,875
Equipment and software—net	<u>28,777</u>	<u>37,481</u>
Total Assets	<u>\$ 802,949</u>	<u>\$ 412,031</u>
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	<u>\$ 38,826</u>	<u>\$ 64,928</u>
Net assets:		
Without donor restrictions	730,848	296,976
With donor restrictions	<u>33,275</u>	<u>50,127</u>
	<u>764,123</u>	<u>347,103</u>
Total Liabilities and Net Assets	<u>\$ 802,949</u>	<u>\$ 412,031</u>

See notes to financial statements

# THE EXODUS ROAD

## Statements of Activities

	Year Ended December 31,					
	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT:</b>						
Contributions	\$ 1,879,523	\$ 686,014	\$ 2,565,537	\$ 1,448,014	\$ 442,222	\$ 1,890,236
Gifts-in-kind	563,778	-	563,778	184,215	-	184,215
Sales and other income	35,471	-	35,471	225,457	-	225,457
<b>Total Revenue and Support</b>	<b>2,478,772</b>	<b>686,014</b>	<b>3,164,786</b>	<b>1,857,686</b>	<b>442,222</b>	<b>2,299,908</b>
<b>NET ASSETS RELEASED:</b>						
Purpose restrictions	702,866	(702,866)	-	409,389	(409,389)	-
Administrative assessments	-	-	-	87,444	(87,444)	-
<b>EXPENSES:</b>						
Program activities	2,261,657	-	2,261,657	1,921,928	-	1,921,928
Supporting activities:						
General and administrative	187,626	-	187,626	289,070	-	289,070
Fundraising	298,483	-	298,483	334,964	-	334,964
	486,109	-	486,109	624,034	-	624,034
<b>Total Expenses</b>	<b>2,747,766</b>	<b>-</b>	<b>2,747,766</b>	<b>2,545,962</b>	<b>-</b>	<b>2,545,962</b>
Change in Net Assets	433,872	(16,852)	417,020	(191,443)	(54,611)	(246,054)
Net Assets, Beginning of Year	296,976	50,127	347,103	488,419	104,738	593,157
Net Assets, End of Year	<u>\$ 730,848</u>	<u>\$ 33,275</u>	<u>\$ 764,123</u>	<u>\$ 296,976</u>	<u>\$ 50,127</u>	<u>\$ 347,103</u>

See notes to financial statements

# THE EXODUS ROAD

## Statement of Functional Expenses

Year Ended December 31, 2020

	Program Activities	Supporting Activities:		Total
		General and Administrative	Fundraising	
Salaries	\$ 832,724	\$ 54,552	\$ 191,274	\$ 1,078,550
Grants to others	475,730	-	-	475,730
Contracted and professional services	368,197	96,185	8,838	473,220
Global travel, equipment, and supplies	286,616	-	-	286,616
Services, supplies and other	55,646	12,451	40,417	108,514
Employee benefits	65,472	3,641	12,519	81,632
Facilities operation and maintenance	56,001	6,005	11,347	73,353
Information technology	30,524	5,775	15,703	52,002
Advertising, promotions, and donor relations	34,339	2,377	5,189	41,905
Events and conferences	19,850	2,704	9,954	32,508
Travel and entertainment	19,667	1,157	2,314	23,138
Depreciation and amortization	16,891	2,779	928	20,598
	<u>\$ 2,261,657</u>	<u>\$ 187,626</u>	<u>\$ 298,483</u>	<u>\$ 2,747,766</u>

See notes to financial statements

# THE EXODUS ROAD

## Statement of Functional Expenses

Year Ended December 31, 2019

	Program Activities	Supporting Activities:		Total
		General and Administrative	Fundraising	
Salaries	\$ 805,398	\$ 128,238	\$ 125,686	\$ 1,059,322
Grants to others	522,280	-	-	522,280
Contracted and professional services	156,744	56,569	69,554	282,867
Global travel, equipment, and supplies	127,243	-	-	127,243
Services, supplies and other	56,392	27,013	42,524	125,929
Employee benefits	32,563	4,979	4,843	42,385
Facilities operation and maintenance	55,555	6,818	10,497	72,870
Information technology	50,658	28,151	7,715	86,524
Advertising, promotions, and donor relations	13,245	-	8,163	21,408
Events and conferences	32,717	16,156	60,028	108,901
Travel and entertainment	47,310	20,187	4,755	72,252
Depreciation and amortization	21,823	959	1,199	23,981
<b>Total expenses</b>	<b>\$ 1,921,928</b>	<b>\$ 289,070</b>	<b>\$ 334,964</b>	<b>\$ 2,545,962</b>

See notes to financial statements



# THE EXODUS ROAD

## Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 417,020	\$ (246,054)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	20,598	23,981
Loss on disposal of equipment and software	(1,265)	39,279
Donated stock	-	(15,187)
Net realized gain on investments	-	(471)
Forgiveness of Paycheck Protection Program loan	(209,823)	-
Changes in operating assets and liabilities:		
Pledges receivable	8,276	(65,774)
Inventory	7,375	(5,898)
Prepaid expenses	(998)	15,133
Accrued expenses	(26,102)	(16,809)
Net Cash Provided (Used) by Operating Activities	215,081	(271,800)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Sales of investments	15,438	26,028
Purchases of equipment	(10,629)	(39,049)
Net Cash Provided (Used) by Investing Activities	4,809	(13,021)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from Paycheck Protection Program loan	209,823	-
Net Cash Provided by Financing Activities	209,823	-
Change in Cash	429,713	(284,821)
Cash, Beginning of Year	258,273	543,094
Cash, End of Year	\$ 687,986	\$ 258,273
<b>NON-CASH TRANSACTION:</b>		
Forgiveness of Paycheck Protection Program loan	\$ 209,823	\$ -

See notes to financial statements

# THE EXODUS ROAD

## Notes to Financial Statements

December 31, 2020 and 2019

### 1. NATURE OF ORGANIZATION:

The Exodus Road (Exodus) exists in order to empower the deliverance of sex slaves. They operate primarily in Southeast Asia, Latin America 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 nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC) and comparable state laws. However, Exodus is subject to federal income tax on any unrelated business taxable income. In addition, Exodus is not classified as a private foundation within the meaning of Section 509(a) of the IRC.

### 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 checking and savings accounts as well as petty cash. As of December 31, 2020 and 2019, Exodus has cash on deposit with financial institutions that exceed the federally insured (FDIC) balance by approximately \$309,000 and \$0, respectively. Exodus has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

#### PLEDGES RECEIVABLE

During the years ended December 31, 2020 and 2019, several churches pledged donations to Exodus. These donations are without restrictions and no discount has been recorded. Management believes all amounts are collectible and therefore has not recorded an allowance for doubtful accounts or as of December 31, 2020 and 2019, respectively.

#### EQUIPMENT AND SOFTWARE—NET

Exodus capitalizes equipment and software purchases and gift-in-kind donations exceeding \$1,000 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 and amortization is computed on the straight-line method over the estimated useful lives of three to seven years.

# THE EXODUS ROAD

## Notes to Financial Statements

December 31, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### NET ASSETS

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

*Net assets without donor restrictions* are those currently available to support Exodus' operations and those resources invested in equipment and software.

*Net assets with donor restrictions* are comprised of donor-restricted contributions for the support of Exodus' projects.

#### 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, 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. All contributions are considered available for use without donor restrictions unless specifically restricted by the donor.

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

Exodus received a Paycheck Protection Program loan during the year ended December 31, 2020. This loan was forgiven prior to year end and is included in contributions income on the statement of activities.

#### 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. Exodus received donated skilled services which have been recorded at a combined estimated fair value of \$298,561 and \$123,998, for the years ended December 31, 2020 and 2019, respectively. Donated goods and equipment are recognized at their estimated fair market value at the date of the gift, and are valued at \$265,216 and \$45,000, for the years ended December 31, 2020 and 2019, respectively. During the years ended December 2020 and 2019, Exodus also received gifts of donated investments at their estimated fair market value at the date of the gifts, totaling \$0 and \$15,217, respectively.

# THE EXODUS ROAD

## Notes to Financial Statements

December 31, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

### ALLOCATION OF EXPENSES

The costs of providing program services and supporting activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs, have been allocated among the program services and supporting activities benefited. Salaries are allocated based off of the time and effort spent by each employee, and all other expenses are allocated based on the purpose of the expense. The main program activities of Exodus are supporting teams that perform investigations, and providing gear, funds, and support to those teams that work to free victims from slavery.

### RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENT

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (Topic 606 of the FASB Accounting Standards Codification). Exodus adopted the provisions of this new standard during the year ended December 31, 2020. The new standard applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. Adoption of this standard had no effect on change in net assets or net assets in total.

3. LIQUIDITY AND FUNDS AVAILABLE:

Exodus has approximately \$737,986 and \$339,485, of financial assets available within one year of the statements of financial position date as of December 31, 2020 and 2019, respectively. This amount consists of cash, pledges receivable, and investments. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

Exodus structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management monitors cash flows closely through finance meetings and detailed financial analysis.

# THE EXODUS ROAD

## Notes to Financial Statements

December 31, 2020 and 2019

4. EQUIPMENT AND SOFTWARE–NET:

Equipment and software–net consists of:

	December 31,	
	2020	2019
Software	\$ 38,948	\$ 31,851
Database and website	29,448	29,448
Surveillance equipment	999	2,497
Vehicle	-	20,368
	<u>(40,618)</u>	<u>(46,683)</u>
Less accumulated depreciation	<u>\$ 28,777</u>	<u>\$ 37,481</u>

5. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of \$33,275 and \$50,127 for the years ended December 31, 2020 and 2019, respectively, to purchase covert equipment.

6. OPERATING LEASES:

Exodus has a non-cancellable operating lease for office space in Colorado Springs as well as a copier lease. The office space lease will expire in July 2022, and the copier lease will expire in July 2022. Lease expense for the years ended December 31, 2020 and 2019, was \$46,079 and \$46,689, respectively. Future minimum payments required under non-cancellable operating leases total:

<u>Year Ending December 31,</u>	
2021	\$ 35,820
2022	<u>23,490</u>
	<u>\$ 59,310</u>

7. RELATED PARTIES:

During the years ended December 31, 2020 and 2019, Exodus granted funds to an organization in which Exodus' President serves as the Chair of the Board of Directors. This organization is helping Exodus fulfill its global mission. Total funds granted during the years ended December 31, 2020 and 2019 to this organization were \$257,364 and \$243,793, respectively.

# THE EXODUS ROAD

## Notes to Financial Statements

December 31, 2020 and 2019

8. SUPPORT AND REVENUE CONCENTRATION:

During the years ended December 31, 2020 and 2019, Exodus received contributions from one donor that totaled \$388,000 and \$575,000, respectively. These gifts accounted for approximately 12% and 25% of total revenue and support for the years ended December 31, 2020 and 2019, respectively.

9. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of Exodus for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

Exodus received a Paycheck Protection Program (PPP) loan of \$209,823 funded by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). PPP loans are considered conditional contributions, with a right-of return in the form of an obligation to be repaid if a barrier to entitlement is not met. The barrier is that PPP loan funds must be used to maintain compensation costs and employee head count, and other qualifying expenses (mortgage interest, rent, and utilities) incurred following receipt of the funds. As all of the conditions were met by December 31, 2020, the full amount funded of \$209,823 was recognized as a contribution without donor restrictions in the statements of activities for the year ended December 31, 2020. Prior to December 31, 2020, Exodus has received official notice that their loan has been fully forgiven.

10. SUBSEQUENT EVENTS:

In December 2020, the Consolidated Appropriations Act (CAA) was passed into law. The CAA created the ability for eligible organizations to receive an additional PPP type loan. Subsequent to the year ended December 31, 2020, Exodus applied for and received a second PPP loan in the amount of \$212,049. Similar to the first PPP loan, the funds are eligible to be forgiven by the SBA if Exodus meets qualifying conditions present in the loan agreement.

Subsequent events were evaluated through April 21, 2021, which is the date the financial statements were available to be issued.