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THE S.O.A.P PROJECT

*Financial Statements*

*Year Ended December 31, 2019*

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TABLE OF CONTENTS

	Page No.
INDEPENDENT AUDITORS' REPORT.....	1
FINANCIAL STATEMENTS	
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis.....	3
Statement of Support and Revenue, Expenses and Changes in Net Assets - Modified Cash Basis.....	4
Statement of Functional Expenses - Modified cash Basis .....	5
Notes to Financial Statements. ....	6



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
The S.O.A.P. Project  
Columbus, Ohio

We have audited the accompanying financial statements of The S.O.A.P. Project (a nonprofit organization), which comprise the statement of assets, liabilities and net assets – modified cash basis as of December 31, 2019, and the related statements of support and revenue, expenses and changes in net assets – modified cash basis, and functional expenses – modified cash basis for the year then ended, and 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 as described in Note A; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of 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.

### **Auditors' 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 auditors' 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 organization'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.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of The S.O.A.P. Project as of December 31, 2019, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note A.

## **Basis of Accounting**

We draw attention to Note A 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.

*Fry & Company*

Greenville, OH  
May 14, 2020

THE S.O.A.P. PROJECT  
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS  
MODIFIED CASH BASIS  
December 31, 2019

ASSETS

ASSETS

Cash	\$ 45,658
Rent deposit	<u>1,000</u>
Total Assets	<u><u>\$ 46,658</u></u>

NET ASSETS

Total Net Assets	<u><u>\$ 46,658</u></u>
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See Notes to Financial Statements and Independent Auditors' Report

THE S.O.A.P. PROJECT  
STATEMENT OF SUPPORT AND REVENUE,  
EXPENSES AND CHANGES IN NET ASSETS  
MODIFIED CASH BASIS  
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Contributions	\$ 184,656	\$ 9,352	\$ 194,008
Merchandise gross profit	31,355	-	31,355
Events	4,904	-	4,904
Net assets released from restrictions	9,352	(9,352)	-
	<u>230,267</u>	<u>-</u>	<u>230,267</u>
<b>EXPENSES</b>			
Program Services	134,086	-	134,086
Supporting Services:			
Management and general	36,583	-	36,583
Fundraising	42,670	-	42,670
	<u>213,339</u>	<u>-</u>	<u>213,339</u>
<b>INCREASE IN NET ASSETS</b>	16,928	-	16,928
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>29,730</u>	<u>-</u>	<u>29,730</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 46,658</u>	<u>\$ -</u>	<u>\$ 46,658</u>

See Notes to Financial Statements and Independent Auditors' Report

THE S.O.A.P. PROJECT  
STATEMENT OF FUNCTIONAL EXPENSES  
MODIFIED CASH BASIS  
Year Ended December 31, 2019

	PROGRAM SERVICES TOTAL	SUPPORTING SERVICES		SUPPORTING SERVICES TOTAL	TOTAL EXPENSES
		Management and General	Fundraising		
Salaries	\$ 24,161	\$ 5,000	\$ 5,000	\$ 10,000	\$ 34,161
Payroll Taxes	4,022	833	833	1,666	5,688
Fringe Benefits	5,902	5,902	5,901	11,803	17,705
Sub-Total	<u>34,085</u>	<u>11,735</u>	<u>11,734</u>	<u>23,469</u>	<u>57,554</u>
Retreat Expenses	26,068	-	-	-	26,068
Meetings	4,777	-	-	-	4,777
Travel	23,351	-	-	-	23,351
Insurance	857	856	-	856	1,713
Survivor Assistance	6,988	-	-	-	6,988
Office Expense	9,156	9,156	9,155	18,311	27,467
Occupancy	15,113	1,889	1,889	3,778	18,891
Public Relations	12,440	-	-	-	12,440
Liberator Awards	-	-	13,109	13,109	13,109
Outside Contractors	-	11,696	3,898	15,594	15,594
Fundraising	-	-	1,635	1,635	1,635
Professional Fees	1,251	1,251	1,250	2,501	3,752
Sub-Total	<u>100,001</u>	<u>24,848</u>	<u>30,936</u>	<u>55,784</u>	<u>155,785</u>
	<u>\$ 134,086</u>	<u>\$ 36,583</u>	<u>\$ 42,670</u>	<u>\$ 79,253</u>	<u>\$ 213,339</u>

See Notes to Financial Statements and Independent Auditors' Report

THE S.O.A.P. PROJECT  
NOTES TO FINANCIAL STATEMENTS

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

Organization

The S.O.A.P. Project - Save Our Adolescents from Prostitution (Organization) was founded in 2010 by survivor and activist Theresa Flores. Its mission is to educate the public on the prevalence of human trafficking, to restore trafficked survivors, and to prevent and protect minors from being victimized by domestic sex trafficking. The SOAP Project reaches from its headquarters in Columbus, Ohio to its satellite office in Michigan. Volunteer-led SOAP Project chapters are spread throughout the nation in support of its anti-trafficking mission. The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

Basis of Accounting

The Organization's accounts are maintained on a modified cash basis, and the statement of assets, liabilities and net assets, and statement of revenue, expenses, and changes in net assets and statement of functional expenses, resulting from cash transactions reflect only cash received and disbursed, with the exception of the recording of certain deposits. Therefore, receivables and payables are not reflected in the accompanying financial statements which are not intended to present the financial position or results of operations in conformity with U.S. generally accepted accounting principles.

Net Assets

Net assets of the Organization consist of the following:

Without Donor Restrictions:

These net assets are unrestricted and available for general activities of the Organization.

With Donor Restrictions:

These net assets are restricted by donors to be used for some specified purpose or time.

Support

In accordance with FASB ASC 958 Not For Profit Entities, support received is recorded as either without donor restrictions or with donor restrictions depending on the existence or nature of any donor restrictions. Under FASB ASC 958, donor restricted support is reclassified to net assets without donor restrictions when the donor restrictions are met.

Estimates and Assumption

Management uses estimates and assumptions in preparing financial statements using the accounting method previously described. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported sales, cost of sales, support, other revenue, and expenses. Actual results could vary from the estimates that were used.

Concentrations of Credit Risk

The Organization's cash deposits were fully insured under the FDIC insured limit of \$250,000.



THE S.O.A.P. PROJECT  
NOTES TO FINANCIAL STATEMENTS

Advertising Costs

The Organization expenses the cost of advertising as it is incurred. During the year ended December 31, 2019, the Organization recorded advertising expenses of \$4,179.

Tax Exempt Status

The Organization is recognized as a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code and management is not aware of any transactions or events that would jeopardize its tax- exempt status.

NOTE B: OPERATING LEASES

The Organization is party to lease agreements for the rental of office space. The lease agreements are for a one year period.

Rent expense recorded during 2019 totaled \$17,350.

NOTE C: LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization's financial assets available to meet its general operating needs within one year are as follows:

Cash and cash equivalents	<u><u>\$ 45,658</u></u>
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NOTE D: FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses have been allocated on a reasonable basis that is consistently applied. Direct expenses are recorded by category, by function determined to be benefited. Indirect costs, including certain capital outlays, are allocated to the function estimated to be benefited, principally based on direct costs incurred.

The table below summarizes 2019 direct and indirect expenses by function:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Direct expenses	\$ 95,269	\$ 11,735	\$ 26,478	\$ 133,482
Indirect expenses	38,817	24,848	16,192	79,857
	<u><u>\$ 134,086</u></u>	<u><u>\$ 36,583</u></u>	<u><u>\$ 42,670</u></u>	<u><u>\$ 213,339</u></u>

THE S.O.A.P. PROJECT  
NOTES TO FINANCIAL STATEMENTS

NOTE E: INCOME TAXES

The Organization files its income tax return in the U.S. Federal jurisdiction. The Organization is no longer subject to income tax examination by tax authorities for the tax years prior to 2015. In the normal course of business, the Organization is subject to examination by the various taxing authorities. Although the outcome of tax audits is always uncertain, The Organization believes that there are no significant unrecognized tax liabilities at December 31, 2019.

NOTE F: SUBSEQUENT EVENTS EVALUATION

The Organization evaluated the effects subsequent events would have on the financial statements through May 14, 2020, which is the date of the financial statements were available for issuance.