



EYE HEART WORLD, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

EYE HEART WORLD, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

TABLE OF CONTENTS

| | <u>PAGE</u> |
|--|--------------------|
| Report of Independent Certified Public Accountants | 1 |
| FINANCIAL STATEMENTS | |
| Statements of Financial Position | 3 |
| Statements of Activities and Changes in Net Assets | 4 |
| Statements of Functional Expenses | 5 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 8 |



REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To The Board of Directors
Eye Heart World, Inc.
De Pere, Wisconsin

We have audited the accompanying financial statements of Eye Heart World, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and changes in net assets, 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.

Auditor's 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 of 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 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 Eye Heart World, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Beedle & Associates, PA

Certified Public Accountants
January 22, 2018

EYE HEART WORLD, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|---|-------------|-------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 122,711 | \$ 77,551 |
| Total Assets | \$ 122,711 | \$ 77,551 |
| Liabilities and Net Assets | | |
| Current Liabilities | | |
| Accounts payable and accrued expenses | \$ 4,650 | \$ 4,000 |
| Total Liabilities | 4,650 | 4,000 |
| Net Assets | | |
| Unrestricted, undesignated | 34,496 | 25,196 |
| Temporarily restricted | 83,565 | 48,355 |
| Permanently restricted | - | - |
| Total Net Assets | 118,061 | 73,551 |
| Total Liabilities and Net Assets | \$ 122,711 | \$ 77,551 |

Read Report of Independent Certifies Public Accountants.
The accompanying notes are an integral part
of these financial statements.

EYE HEART WORLD, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|--|-------------|-------------|
| <i>Changes in Unrestricted Net Assets</i> | | |
| Revenues | | |
| Contributions | \$ 201,511 | \$ 117,146 |
| In-kind contributions | 15,000 | 15,000 |
| Interest income | 38 | 15 |
| | 216,549 | 132,161 |
| Product sales | 11,121 | 14,102 |
| Less cost of goods sold | (8,583) | (7,523) |
| Net sales | 2,538 | 6,579 |
| Net assets released from restrictions | 48,355 | - |
| Total Unrestricted Revenues | 267,442 | 138,740 |
| Expenses | | |
| <i>Program services</i> | 208,830 | 104,173 |
| <i>Support services</i> | | |
| Management and general | 37,798 | 20,334 |
| Fundraising | 11,514 | 10,662 |
| <i>Total Support Services</i> | 49,312 | 30,996 |
| Total Expenses | 258,142 | 135,169 |
| Change in Unrestricted Net Assets | 9,300 | 3,571 |
| <i>Changes in Temporarily Restricted Net Assets</i> | | |
| Contributions | 83,565 | 48,355 |
| Net assets released from restrictions | (48,355) | - |
| Change in Temporarily Restricted Net Assets | 35,210 | 48,355 |
| CHANGE IN NET ASSETS | 44,510 | 51,926 |
| Net Assets, Beginning of year | 73,551 | 21,625 |
| Net Assets, End of Year | \$ 118,061 | \$ 73,551 |

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

EYE HEART WORLD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

| | <u>Support Services</u> | | | <u>Total Support Services</u> | <u>Total Expenses</u> |
|--|-------------------------|-------------------------------|--------------------|-------------------------------|-----------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | | |
| Salaries | \$ 114,059 | \$ 17,200 | \$ - | \$ 17,200 | \$ 131,259 |
| Payroll taxes | 13,261 | 1,981 | - | 1,981 | 15,242 |
| Employee benefits | 7,204 | 1,077 | - | 1,077 | 8,281 |
| Total salaries and related expenses | 134,524 | 20,258 | \$ - | 20,258 | 154,782 |
| Inkind contract services | 5,000 | 10,000 | - | 10,000 | 15,000 |
| Professional fees | 4,694 | 4,650 | - | 4,650 | 9,344 |
| Supplies | 1,675 | - | 5,559 | 5,559 | 7,234 |
| Rent | 5,372 | 803 | - | 803 | 6,175 |
| Utilities | 2,794 | 418 | - | 418 | 3,212 |
| Communications | 8,500 | - | 5,096 | 5,096 | 13,596 |
| Advertising | - | - | 824 | 824 | 824 |
| Public Awareness | 1,357 | - | - | - | 1,357 |
| Prevention | 1,950 | - | - | - | 1,950 |
| Aftercare | 29,965 | - | - | - | 29,965 |
| Vehicle costs | 5,953 | 889 | - | 889 | 6,842 |
| Insurance | 2,142 | 320 | - | 320 | 2,462 |
| Meals | 472 | - | 35 | 35 | 507 |
| Fees and licenses | - | 460 | - | 460 | 460 |
| Other | 4,432 | - | - | - | 4,432 |
| Total Expenses | \$ 208,830 | \$ 37,798 | \$ 11,514 | \$ 49,312 | \$ 258,142 |
| Percentage of Total Expenses | 81% | 15% | 4% | 19% | 100% |

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

EYE HEART WORLD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

| | <u>Support Services</u> | | | | |
|--|-----------------------------|-----------------------------------|--------------------|-----------------------------------|-----------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total Support Services</u> | <u>Total Expenses</u> |
| Salaries | \$ 48,940 | \$ 3,455 | \$ 5,182 | \$ 8,637 | \$ 57,577 |
| Payroll taxes | 3,790 | 268 | 401 | 669 | 4,459 |
| Employee benefits | 3,156 | 223 | 334 | 557 | 3,713 |
| Total salaries and related expenses | 55,886 | 3,946 | 5,917 | 9,863 | 65,749 |
| Contract services | 5,000 | 10,000 | - | 10,000 | 15,000 |
| Professional fees | - | 4,875 | - | 4,875 | 4,875 |
| Office supplies | 1,205 | 85 | 128 | 213 | 1,418 |
| Rent | 4,441 | 314 | 470 | 784 | 5,225 |
| Utilities | 2,518 | 178 | 267 | 445 | 2,963 |
| Communications | 3,065 | - | 3,065 | 3,065 | 6,130 |
| Advertising | - | - | 315 | 315 | 315 |
| Public Awareness | 4,951 | - | - | - | 4,951 |
| Prevention | 2,881 | - | - | - | 2,881 |
| Aftercare | 19,172 | - | - | - | 19,172 |
| Vehicle costs | 4,719 | 333 | 500 | 833 | 5,552 |
| Meals | 335 | - | - | - | 335 |
| Fees and licenses | - | 483 | - | 483 | 483 |
| Other | - | 120 | - | 120 | 120 |
| Total Expenses | \$ 104,173 | \$ 20,334 | \$ 10,662 | \$ 30,996 | \$ 135,169 |
| Percentage of Total Expenses | 77% | 15% | 8% | 23% | 100% |

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

EYE HEART WORLD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| | 2017 | 2016 |
|--|-------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 44,510 | \$ 51,926 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | |
| Increase (decrease) in accounts payable and accrued expenses | 650 | 4,000 |
| Total Adjustments | 650 | 4,000 |
| Net Cash Provided by (Used in) Operating Activities | \$ 45,160 | \$ 55,926 |
| Cash and cash equivalents, beginning of year | 77,551 | 21,625 |
| Cash and cash equivalents, end of year | \$ 122,711 | \$ 77,551 |

Read Report of Independent Certified Public Accountants.
The accompanying notes are an integral part
of these financial statements.

EYE HEART WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE A - DESCRIPTION OF ORGANIZATION

Eye Heart World, Inc. (the Organization) is a not-for-profit corporation organized in 2010 dedicated to fight human trafficking through three strategic activities:

Awareness - In addition to general community awareness activities, the Organization has adopted a more tactical approach by providing targeted training to fields of expertise such as healthcare and social service, where professionals have a high likelihood of encountering victims.

Prevention - Through our primary youth prevention program, The Heart Tour, we partner with local youth mentorship programs to provide prevention events and resources for the teens in their programs. Such resources range from ongoing workshops to large, one-day events.

Aftercare - Aftercare efforts consist of providing emergency essentials for victims (Victim Response Bags with necessary toiletries and personal care items), intervention resources through Outreach team of counselors, therapists and social workers, and the new Rose Home long-term residential care facility.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations, including restricted contributions whose restrictions are met in the same reporting period.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

The Organization had no permanently restricted net assets at December 31, 2017 and 2016.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Estimates also affect the reported amounts of increases or decreases in net assets during the reporting period. Accordingly, actual results may differ from those estimates.

Read Report of Independent Certified Public Accountants.

EYE HEART WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

The Organization considers currency on hand and amounts in depository accounts at the bank as cash for purposes of the Statement of Cash Flows.

Fair Value of Financial Instruments

Professional standards require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instrument is cash. For cash, carrying value approximate fair value due to the short term nature of this asset.

Donated Services

Donated services are recorded at their fair value if they create or enhance non-financial assets, are of a specialized nature, are provided by an individual possessing those skills, and would have been purchased if not donated. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. In-kind contributions received for bookkeeping services totaled \$15,000 for the years ended December 31, 2017 and 2016.

Concentration of Credit Risk

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with creditworthy, high quality financial institutions. The Organization has not experienced any losses from its deposits. At December 31, 2017 and 2016, the Organization's cash held with financial institutions did not exceed the federally insured limit of \$250,000.

Functional Allocation of Expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

Income Tax Status

The Organization is exempt from Federal income taxes under section 501(c)(3) of the Internal Revenue Code and from state income taxes under the provision of the Florida Statutes. The Organization is treated as a public supported organization, and not as a private foundation. Management is not aware of any activities that would jeopardize the Organization's tax-exempt status.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated taxable income; however, such status is subject to final determination upon examination of the related income tax returns by the appropriate taxing authority.

The Organization accounts for uncertain tax positions, if any, in accordance with FASB Accounting Standards Codification Section 740. In accordance with these professional standards, the Organization recognizes tax positions only to the extent that Management believes it is "more likely than not" that its tax positions will be sustained upon IRS examination. Management believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements for the years ended December 31, 2017 and 2016.

Read Report of Independent Certified Public Accountants

EYE HEART WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Tax Status (continued)

The Organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2017 and 2016.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for fiscal years ending prior to December 31, 2014.

The Organization's policy is to classify income tax related interest and penalties in interest expense and other expenses, respectively.

NOTE C - LEASES

The Organization leases office space and a vehicle for the operation of its programs under long-term operating leases. The following is a schedule by year of future minimum lease payments required under such operating leases which have initial or remaining non-cancelable lease terms as of December 31, 2017:

| <u>Year ended December 31,</u> | <u>Amount</u> |
|--------------------------------|---------------|
| 2018 | \$ 8,548 |
| 2019 | 1,899 |

Lease expense incurred totaled \$11,873 in 2017 and \$9,974 in 2016.

NOTE D – RELATED PARTY TRANSACTIONS

During the years ended December 31, 2017 and 2016, the Executive Director and Program Director both serve on the Organization's Board of Directors. Compensation for the year ended December 31, 2017 was \$42,645 for the Executive Director and \$36,500 for the Program Director. Compensation for the year ended December 31, 2016 was \$35,400 for the Executive Director and \$19,645 for the Program Director. The Executive Director and Program Director are co-founders of the Organization and are married.

NOTE E – TEMPORARILY RESTRICTED NET ASSETS

At December 31, 2017 and 2016, temporarily restricted net assets of \$83,565 and \$48,355, respectively, are available for the aftercare programs of the Organization.

Read Report of Independent Certified Public Accountants.

**EYE HEART WORLD, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE F – SUBSEQUENT EVENTS

Subsequent to December 31, 2017, the Organization entered into a facility lease agreement for the Alabama Aftercare Center. The lease commencement date is February 1, 2018. The following is a schedule by year of future minimum lease payments required under this operating lease:

| <u>Year ended December 31,</u> | <u>Amount</u> |
|--------------------------------|---------------|
| 2018 | \$ 11,000 |
| 2019 | 12,000 |
| 2020 | 1,000 |

Management has evaluated subsequent events through January 22, 2018, the date the financial statements were available to be issued.