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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of Witness to Innocence, Inc.

We have audited the accompanying Statement of Financial Position of Witness to Innocence, Inc. as of 30th June 2019, along with the related Statement of Activities, Statement of Functional Expenses, and Statement of Cash Flows for the year then ended, and the related notes to said financial statements.

Management's Responsibility. 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. The auditors' responsibility is to express an opinion on the financial statements based on the audit. We conducted our audit in accordance with auditing standards generally accepted in the United States, which require that the auditor 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 and 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. Risk assessments involve consideration of 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, and accordingly, no such opinion is expressed. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Witness to Innocence, Inc. as of 30th June 2019, and the results of operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Peterson, Fieo & Co.
Peterson, Fieo & Co.
29th April 2020

Witness to Innocence

<u>Statement of Financial Position as of</u>	<u>June 30, 2019</u>
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ASSETS:

Cash	\$ 112,212
Miscellaneous Receivables	125
Prepaid Expenses	12,741
Security Deposit	1,642
Property & Equipment (<i>net of depreciation</i>)	1,568
Total Assets	<u>\$ 128,288</u>

LIABILITIES & NET ASSETS

Accounts Payable	\$ 50,647
Deferred Revenue	165,173
Loans Payable	-
Total Liabilities	<u>215,820</u>

Net Assets:

Without Donor Restrictions - Operating	(89,100)
Without Donor Restrictions - Fixed Assets	<u>1,568</u>
Total Net Assets Without Donor Restrictions	(87,532)
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>(87,532)</u>
Total Liabilities & Net Assets	<u>\$ 128,288</u>

Witness to Innocence

Statement of Activities

for the year ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions & Gifts	\$ 43,646	\$ -	\$ 43,646
Grants:			
European Union grant		375,128	375,128
Non-governmental grants	138,730	146,500	285,230
Special Event (15 th Anniversary)			
Fees Collected	\$41,641		
Direct Costs	<u>(12,808)</u>		
Net Special Events	28,833		28,833
Speaking Engagements & Visibility Actions			
Speaker Fees Collected	\$14,491		
Direct Costs	<u>(61,254)</u>		
	(46,763)		(46,763)
Miscellaneous Revenue	2,120	12,663	14,783
Net Assets Released from Restrictions:			
Grant Conditions Fulfilled	559,671	(559,671)	-
Total Revenues	<u>726,237</u>	<u>(25,380)</u>	<u>700,857</u>
Expenses:			
Program Services	433,166		433,166
Administrative Exps.	191,431		191,431
Fundraising Expenses	87,171		87,171
Total Expenses	<u>711,768</u>	<u>-</u>	<u>711,768</u>
Change in Net Assets	14,469	(25,380)	(10,911)
Net Assets, beginning of year	(102,001)	25,380	(76,621)
Net Assets, end of year	<u>\$ (87,532)</u>	<u>\$ -</u>	<u>\$ (87,532)</u>

The accompanying notes are an integral part of these financial statements.
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Witness to Innocence

Statement of Functional Expenses for the year ended June 30, 2019

	European Commission	Dreams Program	All Other Programs	Total Program Services	Admin- istrative	Fund- raising	Total Expenses
Salaries & Benefits	\$ 109,648	\$ 113,651	\$ 3,248	\$ 226,547	\$ 69,734	\$ 84,929	\$ 381,210
Consultants for Programs & Events	12,505	-	-	12,505	31,473	-	43,978
Gatherings	63,482	-	-	63,482	-	733	64,215
Direct Event Expenses	26,147	1,900	1,300	29,347	-	-	29,347
Emergency Fund Disbursements	-	-	12,200	12,200	-	-	12,200
Rent & Occupancy	-	-	-	-	12,024	-	12,024
Office & Admin Exps.	-	-	-	-	25,853	-	25,853
Insurance	-	-	-	-	5,165	-	5,165
Telephone	-	-	-	-	3,382	-	3,382
Travel & Conferences	58,699	2,632	25,722	87,053	18,108	1,509	106,670
Professional Fees	-	-	-	-	24,169	-	24,169
Depreciation	-	-	-	-	1,167	-	1,167
All Other Expenses	1,000	-	1,032	2,032	356	-	2,388
Totals	\$ 271,481	\$ 118,183	\$ 43,502	\$ 433,166	\$ 191,431	\$ 87,171	\$ 711,768

The accompanying notes are an integral part of these financial statements.

Witness to Innocence

Statement of Cash Flow for the year ended June 30, 2019

Cash Flows from Operating Activities:

Change in Net Assets \$ (10,911)

Adjustments to Reconcile Net Income From Operating

Activities to Net Cash Provided by Operating Activities

Depreciation Expense	1,167
Increase (Decrease) in Other Receivable	(125)
Increase (Decrease) in Accounts Payable	8,773
Increase (Decrease) in Prepaid Expenses	(2,489)
Decrease (Increase) in Deferred Revenue	(230)

Total Adjustments	7,096
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Net Cash Provided by Operating Activities	(3,815)
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Cash Provided by Investing Activities

Cash Purchase of Fixed Assets	-
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Cash Provided (Used) by Financing Activities	-
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Net Increase in Cash	(3,815)
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Cash, beginning of period	\$ 116,027
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Cash, end of period	\$ 112,212
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Other Required Information

Interest Paid	\$	81
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Income Taxes Paid	\$	-
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WITNESS TO INNOCENCE
NOTES to FINANCIAL STATEMENTS
June 30, 2019

NOTE 1. NATURE of ORGANIZATION & SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

- (a.) Organization. Witness to Innocence (hereinafter “WTI”) is a non-profit organization whose mission is to increase public awareness, through speaking engagements and public events, of the plight of individuals who were wrongly convicted and sentenced to death. WTI also provides a peer support network for death row survivors. WTI’s support primarily comes from grants and contributions.
- (b.) Implementation of FASB ASU 2016-14. During the year ended 30th June 2019, WTI implemented Financial Accounting Standards Board Accounting Standards Update (“FASB ASU”) 2016-14, which provides new and expanded guidance for financial reporting for not-for-profit entities. The implementation of FASB ASU 2016-14 has resulted in multiple changes to the WTI’s financial reporting. Net assets are now categorized in two categories; net assets with donor restriction and net assets without donor restriction. The WTI has added additional disclosures related to its financial liquidity and the availability of financial assets for general expenditure within one year from each balance sheet date. This accounting guidance has been implemented retrospectively; however, the implementation of this guidance did not require restatement of prior accounting period balances.
- (c.) Basis of Accounting. In all material respects, these statements are presented on the accrual basis of accounting in accordance with GAAP. The Statement of Financial Position, the Statement of Activities, and the Statement of Functional Expenses are prepared using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.
- (d.) Net Assets. WTI’s Net Assets are categorized into the following two categories:
- i.) *Net Assets Without Donor Restrictions* consist of all net assets which are expendable at the discretion of WTI’s management and board of directors for carrying on daily operations. These funds have neither been restricted by donors nor set aside for any specific purpose.
 - ii.) *Net Assets With Donor Restrictions* consist of net assets that have been limited by donor imposed stipulations that either expire with the passage of time or can be fulfilled and removed by the actions of WTI pursuant to those stipulations.
- (e.) Revenue Recognition. WTI records contributions received as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in Net Assets Without Donor Restrictions 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 Net Assets With Donor Restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is

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NOTES to FINANCIAL STATEMENTS
June 30, 2019

accomplished), Net Assets With Donor Restrictions are reclassified to Net Assets Without Donor Restrictions and reported in the Statement of Activities as Net Assets Released From Restrictions.

WTI reports donor-restricted contributions whose restrictions are met within the reporting period recognized as Net Assets Without Donor Restrictions.

- (f.) Grants & Pledges Receivable. Grants with government agencies are deemed to be exchange transactions and accordingly, revenue is recognized as WTI fulfils the grant terms. Accordingly, grant receivable is comprised of amounts expended for the grant purposes, but not yet received from the grantor. Management considers this receivable to be fully collectible, as it represents reimbursement for expenses incurred in carrying out the purpose of the grant. Conversely, funds received from such grants that have not been expended, but are clearly marked for future periods are recorded as deferred revenue.
- (g.) Property & Equipment. It is WTI's policy to capitalize amounts expended over \$2,500 for property and equipment. Property and equipment are recorded at cost. Depreciation is being provided for using the straight-line method over the estimated useful live of the assets capitalized.
- (h.) Use of Estimates. The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.
- (i.) Compensated Absences. Starting with the fiscal year ended June 30, 2019, WTI's financial statements reflect obligations for compensated absences and accumulated paid time off. Amounts presented as due on June 30, 2019 reflect both amounts incurred during the current fiscal year and any prior fiscal year which are still outstanding, and have been charged as a current year expense in these financial statements. As of June 30, 2019, the balance in compensated absences is \$36,370.
- (j.) Incorporation & Taxes. WTI was incorporated under the name "Witness to Innocence" as a not-for-profit corporation under the laws of the Commonwealth of Pennsylvania on 14th July 2008 and is exempt from income taxes under Section 501(a) of the Internal Revenue Code of 1986 (as amended) as an organization described in Section 501(c)(3). There was no unrelated business income for the years ending June 30, 2019. Accordingly, no provision for income taxes is included in the financial statements.

The organization believes it has appropriate support for any & all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. None of the organization's federal income tax returns (Form 990) are currently under examination. However, tax years ended 30th June 2016-2018 remain

WITNESS TO INNOCENCE
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June 30, 2019

subject to examination by the Internal Revenue Service.

- (k.) Other Filings. WTI solicits funds in Pennsylvania and New York, and has registered with both the Pennsylvania Bureau of Charitable Organizations (BCO) and the New York State Office of the Attorney General Charities Bureau Registration Section, and files annual registrations and reports therewith.
- (l.) Donated Services. Donated services have not been reflected in the accompanying financial statements. Nevertheless, a number of professionals, businesses and volunteers have donated their time in support of WTI's programs.

NOTE 2. CASH

WTI maintains bank deposits that may, from time to time, exceed the federally insured deposit limits which subjects WTI to a potential credit risk. The maximum amount on deposit during the fiscal year in excess of FDIC insured limits was \$161,077. Management does not believe that there is a significant risk of loss of deposit balance. These excess amounts are not covered by collateral.

NOTE 3. PROPERTY & EQUIPMENT

Property & Equipment consists of the following at June 30, 2019:

	Beginning of Period	Additions	Subtractions	End of Period
Office Equipment	7,897	-		7,897
Less: accumulated depreciation	(5,162)	(1,167)		(6,329)
Office Equipment, net	<u>\$ 4,559</u>	<u>\$ (1,167)</u>	<u>\$ -</u>	<u>\$ 1,568</u>

Depreciation expense for the year ended June 30, 2019 was \$1,167.

NOTE 4. DEFERRED REVENUE

Amounts listed as deferred revenue reflect amounts received during the year that are reserved for activities for a future year. As of June 30, 2019, WTI had received the following funds reserved for activities future year:

United Nations	\$ 24,500
European Union	<u>140,673</u>
Total	<u>\$ 165,173</u>

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NOTES to FINANCIAL STATEMENTS
June 30, 2019

NOTE 5. OPERATING LEASE COMMITMENT

WTI leases office space with Friends Center Corporation in Center City Philadelphia through June 30, 2020, and thereafter on a month-to-month basis. The revised monthly lease payment is \$858 for period starting on October 1, 2018 through June 30, 2019 and \$884 starting July 1, 2019. Total rent expenses for FYE 2019 was \$9,033.

Year ended June 30,	Lease Payments
2020	13,572
2021	-
	<u>\$ 13,572</u>

NOTE 6. NET ASSETS WITH DONOR RESTRICTIONS

WTI has the following program activities classified as Net Assets With Donor Restrictions as of June 30, 2019:

- i.) European Commission. During the FYE 2019, the European Commission provided a grant of \$375,128 for the Eyes Wide Open project for programs including exonerated death row survivor speaking events, education programs, publicity, visibility and other expenses related to advocacy to end the death penalty in the US as well as administrative expenses. This was the final year of a three-year grant cycle ending in mid-November 2019; another three-year cycle began in December 2019. Further, during the fiscal year ended in the FYE 2019, the Generous Promise Foundation provided a grant of \$30,000 to be used for abolition advocacy and education and related expenses.
- ii.) United Nations. The United Nations provides funding for social work support and temporary, limited emergency financial assistance to exonerated death row survivors.

	Opening Balance	Revenue	Released from Restrictions	Closing Balance
European Commission	\$ -	\$ 375,128	\$ 375,128	\$ -
Dream Program	21,582	49,000	70,582	-
Other Restricted Grants Received	3,798	110,163	113,961	-
Total Net Assets				
With Donor Restrictions	<u>\$25,380</u>	<u>\$ 534,291</u>	<u>\$ 559,671</u>	<u>\$ -</u>

WITNESS TO INNOCENCE
NOTES to FINANCIAL STATEMENTS
June 30, 2019

NOTE 7. FUNCTIONAL EXPENSES.

WTI assigns and allocated its expenses to either program services, and/or administrative expenses and/or fund raising expenses. Program service expenses are the direct and indirect costs that further WTI's exempt purpose. Administrative expenses relate to the overall direction of the organization, as opposed to program expenses.

WTI utilizes the following cost allocation plan to allocate its expenses:

- (a.) Where possible, expenses are classified directly to either program expenses, administrative expenses, or fundraising expenses; and
- (b.) Expenses not able to be so classified are allocated to program expenses, administrative expenses, and fundraising expenses using a formula that results in an equitable allocation. Salaries allocations are based on time and effort spent between programs, administration, and fund raising responsibilities and tasks.

Management believes that these allocation methodologies and results reasonably reflect the classification of its expenses.

NOTE 8. ECONOMIC DEPENDENCY

For the year ended June 30, 2019, WTI received substantial revenue from several sources, according to the following table:

For the year ended June 30, 2019

	<u>Amount</u>	<u>Percent</u>
European Union	\$ 375,128	53.52%
Open Society Institute	100,000	14.27%
Zitrin Foundation	52,500	7.49%
United Nations	49,000	6.99%
Other Grants & Revenues	124,229	17.73%
	<u>\$ 700,857</u>	<u>100.00%</u>

NOTE 9. LIQUIDITY.

WTI has a goal to maintain cash balances on hand to meet three months of ordinary business expenses, which are on average, approximately \$180,000 (\$60,000 per month).

WITNESS TO INNOCENCE
NOTES to FINANCIAL STATEMENTS
June 30, 2019

	as of <u>30 June 2019</u>
Cash	\$ 112,212
Less:	
Accounts Payable	(50,647)
Net Assets with Donor Restrictions	<u>(49,316)</u>
Funds Available for General Expenditures	<u>\$ 12,249</u>

WTI has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 10. LITIGATION

During the autumn of 2017, WTI was named as a defendant in an action before the Equal Employment Opportunity Commission. Afterwards, the same plaintiff alleged a discriminatory dismissal before the PA Human Rights Commission. Both of these actions have been dismissed in favor of WTI.

NOTE 11. SUBSEQUENT EVENTS

WTI has evaluated all events through 29th April 2020, which is the date these financial statements were available to be issued, and has determined that there are no subsequent events that require recognition or disclosure.