Sojourn Landing, dba The Landing

Houston, Texas

Financial Statement Together With
Independent Audit's Report

December 31, 2023 and 2022

R+A

RATLIFF + ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Sojourn Landing, dba The Landing
Financial Statements
December 31, 2023 and 2022

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Independent Auditor's Report

To the Board of Directors
Sojourn Landing, dba The Landing
Houston, Texas

Opinion

We have audited the accompanying financial statements of Sojourn Landing, dba The Landing (a non-profit corporation), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Landing as of December 31, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Landing and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Landing's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Landing's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Landing's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Ratliff & Associates, P.C.

June 12, 2024

Sojourn Landing, dba The Landing

Statements of Financial Position

December 31, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	$ 386,888	$ 445,111
Contributions receivable	131,414	43,696
Total current assets	518,302	488,807
Noncurrent assets		
Right-of-use leased assets	161,799	227,172
Property and equipment		
Furniture and equipment	10,163	5,985
Computer equipment	13,378	11,518
Less: accumulated depreciation	(11,233)	(7,590)
Net property and equipment	12,308	9,913
Total noncurrent assets	174,107	237,085
Total Assets	$ 692,409	$ 725,892
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Current portion of leasing liabilities	$ 67,825	$ 65,373
Accounts payable	85,514	18,594
Accured liabilities	10,375	58,112
Total current liabilities	163,714	142,079
Noncurrent liabilities		
Leasing liabilities, net of current portion	93,974	161,799
Total noncurrent liabilities	93,974	161,799
Total liabilities	257,688	303,878
Net assets		
Without donor restrictions	322,610	399,887
With donor restrictions	112,111	22,127
Total net assets	434,721	422,014
Total Liabilities and Net Assets	$ 692,409	$ 725,892

The accompanying note disclosures are an integral part of these financial statements.

Sojourn Landing, dba The Landing

Statements of Activities

For the Years Ending December 31, 2023 and 2022

	2023	2022
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
Contributions	$ 883,256	$ 632,363
Grants	733,478	663,200
Special events	223,686	306,250
In-kind contributions	4,569	10,876
Total revenues without donor restrictions	1,844,989	1,612,689
Net assets released from restrictions		
Satisfaction of restrictions	129,016	17,873
Total revenues	1,974,005	1,630,562
Expenses		
Program Services	1,549,778	1,117,580
Support services		
Development	323,303	291,131
Administration	178,201	202,550
Total support services	501,504	493,681
Total expenses	2,051,282	1,611,261
Change in net assets without donor restrictions	(77,277)	19,301
Changes in net assets with donor restrictions		
Contributions	219,000	40,000
Net assets released from restriction	(129,016)	(17,873)
Change in net assets with donor restrictions	89,984	22,127
Change in total net assets	12,707	41,428
Net assets at beginning of year	422,014	380,586
Net assets at end of year	$ 434,721	$ 422,014

The accompanying note disclosures are an integral part of these financial statements.

Sojourn Landing, dba The Landing

Statement of Functional Expenses
For the Year Ending December 31, 2023

	Program Services	Development	Administration	Total Expenses
Personnel costs	$ 713,872	$ 171,203	$ 86,373	$ 971,448
Employee benefits and other expenses	195,492	42,065	33,503	271,060
Client essentials costs	450,461	-	-	450,461
In-kind expenses	-	600	3,969	4,569
Office expenses	41,849	19,375	10,263	71,487
Insurance	6,633	370	3,020	10,023
Marketing/communication	4,568	21,578	718	26,864
Meetings/special events/speakers	5,921	20,485	3,276	29,682
Travel and training	14,852	1,139	1,340	17,331
Professional fees	9,206	37,250	24,695	71,151
Rent	69,602	4,038	5,075	78,715
Mileage/parking/tolls	34,674	5,200	269	40,143
Other expenditures	2,648	-	5,700	8,348
Total Expenses	$ 1,549,778	$ 323,303	$ 178,201	$ 2,051,282

Sojourn Landing, dba The Landing

Statement of Functional Expenses
For the Year Ending December 31, 2022

	Program Services	Development	Administration	Total Expenses
Personnel costs	$ 622,770	$ 151,920	$ 121,139	$ 895,829
Employee benefits and other expenses	167,782	38,550	38,031	244,363
Client essentials costs	168,953	-	-	168,953
In-kind expenses	4,145	1,155	5,600	10,900
Office expenses	27,942	17,839	8,794	54,575
Insurance	-	-	6,224	6,224
Marketing/communication	-	12,965	1,400	14,365
Meetings/special events/speakers	1,993	56,329	3,423	61,745
Travel and training	44,075	5,274	1,680	51,029
Professional fees	18,544	3,123	8,179	29,846
Rent	61,366	3,976	4,951	70,293
Other expenditures	10	-	3,129	3,139
Total Expenses	$ 1,117,580	$ 291,131	$ 202,550	$ 1,611,261

The accompanying note disclosures are an integral part of these financial statements.

Sojourn Landing, dba The Landing

Statements of Cash Flows

For the Years Ending December 31, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Cash received from program contributions	$ 1,971,702	$ 1,638,275
Cash paid for programs and support services	(2,087,722)	(1,583,823)
Net cash provided (used) by operating activities	(116,020)	54,452
Cash flows from investing activities		
Purchases of furniture and equipment	(6,038)	(750)
Net cash provided (used) by investing activities	(6,038)	(750)
Cash flows from financing activities		
Draws on line of credit	90,000	-
Payments on line of credit	(26,165)	-
Net cash provided (used) by financing activities	63,835	-
Net increase (decrease) in cash and cash equivalents	(58,223)	53,702
Cash and cash equivalents at beginning of year	445,111	391,409
Cash and cash equivalents at end of year	$ 386,888	$ 445,111

Reconciliation of change in total net assets to net cash provided (used) by operating

Change in total net assets	$ 12,707	$ 41,428
Adjustments		
Depreciation	3,643	3,047
Change in receivables	(87,718)	(3,538)
Change in accounts payable	3,085	5,111
Change in accrued liabilities	(47,737)	8,404
Total adjustments	(128,727)	13,024
Net cash provided (used) by operating activities	$ (116,020)	$ 54,452

The accompanying note disclosures are an integral part of these financial statements.

Sojourn Landing, dba The Landing

Note Disclosures to the Financial Statements
December 31, 2023 and 2022

Note 1, Nature of the Organization

Sojourn Landing, dba The Landing ("the Organization"), was incorporated in 2015 and is operated as a nonprofit organization under the laws of the State of Texas. The mission of the Organization is to serve survivors of human trafficking and commercial sexual exploitation with a trauma-informed approach fueled by the love of Christ. The Landing has served over 1,500 child and adult survivors in the Greater Houston Area through three programs: Drop-In Center, Youth Advocacy, and Outreach. It is estimated that less than 1% of victims of human trafficking are identified, so The Landing works to identify survivors, create access to critical resources and a safe community, and empower survivors to reach their goals.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements:

<u>Basis of accounting</u>: The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

<u>Revenue recognition</u>: Revenues of the Organization are primarily derived from contributions from the Organization's supporters. A portion of the Organization's revenues are tied to the local economy. All contributions are considered available for the Organization's general programs unless specifically restricted by the donor.

Special event fees contain a single delivery element. Revenue is recognized at a single point in time when an event occurs; thus, ownership, risk, and rewards transfer to the recipient at that time. If the Organization collects payment from a recipient in the year prior to the occurrence of an event, it is recorded as unearned revenue liability and recognized as revenue in the following year when the event occurs.

The Organization receives grants from the Texas Office of the Governor for the services they provide. Grant periods are for approximately one year and are funded on a cost reimbursement basis, where funding, and, thus, revenue, is conditional upon the appropriate expenditure of funds for approved activities. The Organization's requests for reimbursements are able to be submitted shortly after each month-end and are typically received before the end of the subsequent month. Grant revenue is recognized upon the receipt of reimbursements; unconditional grant receivable, if any, is not material to these financial statements.

Conditional grants receivable, which are not recognized as revenue until the reimbursement of costs in the subsequent year totaled approximately $547,000 and $370,000 at December 31, 2023 and 2022, respectively.

Amounts received that are donor restricted by time or purpose are reported as increases in net asset with donor restrictions. When a restriction expires, 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 restriction. Investment income, when applicable, that is limited to specific uses by donor restrictions is also reported as increases in net assets without restrictions if the restrictions are met in the same reporting period as the income is recognized.

Sojourn Landing, dba The Landing

Note Disclosures to the Financial Statements
December 31, 2023 and 2022

Note 2, Summary of Significant Accounting Policies (continued)

Donated assets and services: In-kind donations of supplies are recorded on the date of receipt. In the absence of donor restrictions, donated assets are reported as unrestricted revenue. Contributed services are recognized as unrestricted revenues if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution.

For the years ended December 31, 2023 and 2022, in-kind donations consist of a variety of professional services and donated supplies whose value is based upon comparable market data for services and items that would have been purchased had they not been donated.

A substantial number of volunteers have donated significant amounts of their time to the Organization's programs. However, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition.

Net assets without donor restrictions: The Organization further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions nor self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Organization's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Organization to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

At December 31, 2023 and 2022, there are no internally designated net assets.

Net assets with donor restriction: The Organization further disaggregates net assets with donor restriction into two subcategories:

- Temporarily restricted: The Organization reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt.
- Permanently restricted: The Organization reports gifts of cash and other assets as with permanent donor restriction if they are received with donor stipulations permanently restricting the contribution to investment but permitting the Organization to use part or all the income derived from the investment for general or restricted purposes.

At December 31, 2023 and 2022, there are no permanently restricted net assets.

Sojourn Landing, dba The Landing

Note Disclosures to the Financial Statements
December 31, 2023 and 2022

Note 2, Summary of Significant Accounting Policies (continued)

Programs: The Organization pursues its mission through the execution of the following major functions that are also the reported functional expenses of the Organization:

- Program services: Operating three programs that provide direct services of human trafficking in the Greater Houston Area:
  - Drop-In Center: Located on a nationally known hotspot for human trafficking, the drop-in center is a safe space designed to identify victims of trafficking, build trust, and increase access to care. Survivors can access items for their basic needs, meet with a licensed professional counselor, join support groups and classes, and work with a case manager on goals like getting an identification card, accessing medical care, or finding a job.
  - Youth Advocacy: For children and youth who have been trafficked, youth advocates collaborate with law enforcement and community partners to provide 24/7 crisis response, arriving onsite within 90 minutes whenever a youth is in crisis. Advocates provide ongoing case management and emotional support to youth and their families throughout their healing journey.
  - Outreach: With the goal of identifying victims and connecting them with services, The Landing engages in various outreach efforts to educate the community and meet survivors wherever they are. With the help of volunteers, The Landing reaches out to potential victims on the street, online, in court, and in the community.
- Development: Cultivating relationships with donors and partners, mobilizing volunteers, raising community awareness around the issue of human trafficking, hosting fundraising events, and securing necessary resources to operate The Landing's programs.
- Administrative: Conducting and supervising accounting, human resources, and other administrative functions.

Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are depreciation and the estimated allocation of certain payroll and facility expenses to the functional areas. Depreciation is computed using management's estimate of the useful lives of the asset. The allocation of payroll and facility expenses is, respectively, based on management's estimate of staff time and roles and facility space and usage.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statements of activities and on both a functional and a natural bases in the statements of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited.

Liquidity: The statements of financial position are classified to show subtotals for current assets and current liabilities as part of the Organization's enhanced disclosure of liquidity. The Organization anticipates using current assets and satisfying current liabilities within one year of the statements date. Current assets, excluding prepaids (as applicable), represent financial assets available for general expenditure within one year of the statements date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

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Note Disclosures to the Financial Statements
December 31, 2023 and 2022

Note 2, Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: For the purposes of the statements of cash flows, the Organization considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Concentration of credit risk: Financial instruments that potentially subject the Organization to credit risk include cash on deposit with a financial institution exceeding $250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to $250,000.

Contributions receivable: Receivables consist of unconditional donor pledges due to the Organization. Management determined no allowance was necessary for uncollectible accounts at December 31, 2023 and 2022.

Property and equipment: Property and equipment are recorded at acquisition cost. The Organization capitalizes furniture and equipment with a useful life longer than one year. Betterments and renewals are capitalized. Maintenance and repairs are expensed to operations when incurred. Depreciation is computed using the straight-line method over the estimated useful lives which range from 5 to 7 years.

Income tax status: The Organization is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities.

For the years ended December 31, 2023 and 2022, the Organization has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization is required to file Form 990. Tax returns for the previous three years are open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Going concern considerations: The Organization analyzes the effect that current and future events, both internal and external, may have on operations so that the Organization may continue as a going concern (i.e., a viable organization). As of the date of this report, management has not identified a significant matter that, in its judgement, could materially threaten the ongoing operations of the Organization for at least one year from the date of the report on page two. However, if conditions change during the following year, the Organization may reschedule or reformat certain events and activities or adjust the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

Note 3, Liquidity and Availability of Financial Assets

The Organization's financial assets are current assets available for general expenditure within one year of the statements date. Financial assets are calculated as follows: current assets less donor-restricted, board-designated and/or contractually obligated cash and investments, inventory, prepaid expenses, and other similar current assets, as applicable.

Sojourn Landing, dba The Landing

Note Disclosures to the Financial Statements
December 31, 2023 and 2022

Note 3, Liquidity and Availability of Financial Assets (continued)

As part of the Organization's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- The Organization maintains general reserves in its unrestricted general net assets which consists of prior years' net excess revenues (net operating surplus).
- The Organization invests cash in excess of daily requirements in short-term investments such as interest-bearing savings accounts or money market funds.
- The Organization is highly dependent on recurring contributions from its donors which have remained relatively consistent year-to-year.

The Organization's financial assets are quantified at December 31, 2023 and 2022, as follows:

	2023	2022
Current assets	$ 518,302	$ 488,807
Less: those unavailable for general expenditures within one year		
Non-liquid current assets	-	-
Less: donor-restricted funds	(112,111)	(22,127)
Financial assets available to meet cash needs for general expenditures within one year	$ 406,191	$ 466,680

Note 4, Leases

The Organization is under contractual leases for several office spaces whose terms extend through April 2026. In accordance with accounting standards, the Organization (the lessee) recognizes and adjust annually the lease right-of-use ("ROU") assets and corresponding lease liabilities for operating leases on the statements of financial position. Actual lease costs are included and allocated with expense on the statements of activities and functional expenses. The ROU asset is measured based upon the minimum future payments remaining on the leases, which totaled $161,799 and $227,172 at December 31, 2023 and 2022, respectively.

The operating lease liability is carried at the same value as the ROU asset, and each subsequent year, the ROU asset and lease liability are reduced equally by the annual lease payments. A discount rate was not used since it was determined not to impact these calculations materially. For the years ended December 31, 2023 and 2022, operating lease expenses were approximately $65,000 and $52,000, respectively.

Following are the undiscounted minimum operating lease payments remaining at December 31, 2023:

2024	67,825
2025	70,276
2026	23,698
Total	$ 161,799

Sojourn Landing, dba The Landing

Note Disclosures to the Financial Statements
December 31, 2023 and 2022

Note 5, Net Assets

The summary of change in net assets are as follows:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
January 1, 2022	$ 380,586	$ -	$ 380,586
Net change	19,301	22,127	41,428
December 31, 2022	$ 399,887	$ 22,127	$ 422,014
Net change	(77,277)	89,984	12,707
December 31, 2023	$ 322,610	$ 112,111	$ 434,721

The details of the Organization's net assets by categories at December 31 are as follows:

	2023	2022
Net asset without donor restrictions		
General unrestricted	$ 322,610	$ 399,887
Net assets with donor restrictions		
Temporarily restricted		
Program Support	111,153	-
Youth Advocacy	958	2,127
Drop-In Center	-	20,000
Total net assets with donor restrictions	112,111	22,127
Total net assets	$ 434,721	$ 422,014

Note 6, Concentration of Revenues

For the years ended December 31, 2023 and 2022, approximately 48% and 53% of the Organization's total revenues came from five single grantors or donors, respectively.

Note 7, Subsequent Events

The Organization has evaluated subsequent events through the date of the Independent Auditor's Report on page 2, which is the date the financial statements were available to be issued. In addition, see the Organization's accounting policies in Note 2 for liquidity and going concern considerations.