

TheSentry.org, Inc.

Financial Statements

December 31, 2022

Independent Auditors' Report

To the Board of Directors
TheSentry.org, Inc.

Opinion

We have audited the accompanying financial statements of TheSentry.org, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 Organization as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 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 Organization'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 Organization'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.

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

November 10, 2023

TheSentry.org, Inc.

Statement of Financial Position
 December 31, 2022
 (with comparative amounts as of December 31, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents		
Without donor restrictions	\$ (615,124)	\$ 2,178,395
With donor restrictions	2,026,860	1,984,648
Contributions Receivable		
Without donor restrictions	132,893	295,978
With donor restrictions	961,650	994,500
Accounts receivable	5,218	-
Prepaid expenses and other assets	269,915	251,427
Trademark and website costs, net of accumulated amortization	<u>1,895</u>	<u>2,759</u>
Total Assets	<u>\$ 2,783,307</u>	<u>\$ 5,707,707</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Liabilities		
Accounts payable and accrued liabilities	\$ 338,747	\$ 306,953
Grants payable	<u>-</u>	<u>904,730</u>
Total Liabilities	<u>338,747</u>	<u>1,211,683</u>
Net Assets (Deficit)		
Without donor restrictions	(543,950)	(306,971)
With donor restrictions	<u>2,988,510</u>	<u>4,802,995</u>
Total Net Assets	<u>2,444,560</u>	<u>4,496,024</u>
Total Liabilities and Net Assets	<u>\$ 2,783,307</u>	<u>\$ 5,707,707</u>

See notes to financial statements

TheSentry.org, Inc.

Statement of Activities
Year Ended December 31, 2022
(with summarized totals for the year ended December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUE AND SUPPORT				
Contributions	\$ 472,444	\$ 2,853,773	\$ 3,326,217	3,247,746
Foreign exchange loss	(17,190)	-	(17,190)	(52,467)
Donated services	-	-	-	27,485
Interest income	18,172	-	18,172	554
Other (loss) revenue	(398)	-	(398)	1,833
Revenue and Support Before Releases	473,028	2,853,773	3,326,801	3,225,151
Net assets released from restrictions	4,668,258	(4,668,258)	-	-
Total Revenue and Support	5,141,286	(1,814,485)	3,326,801	3,225,151
EXPENSES				
Program	4,725,848	-	4,725,848	4,590,546
Supporting Services				
Management and general	609,412	-	609,412	346,805
Fundraising	43,005	-	43,005	63,149
Total Expenses	5,378,265	-	5,378,265	5,000,500
Change in Net Assets	(236,979)	(1,814,485)	(2,051,464)	(1,775,349)
NET ASSETS (DEFICIT)				
Beginning of year	(306,971)	4,802,995	4,496,024	6,271,373
End of year	\$ (543,950)	\$ 2,988,510	\$ 2,444,560	\$ 4,496,024

See notes to financial statements

TheSentry.org, Inc.

Statement of Functional Expenses

Year Ended December 31, 2022

(with summarized totals for the year ended December 31, 2021)

	2022			2021	
	Program	Management and General	Fundraising	Total	Total
Salaries	\$ -	\$ -	\$ -	\$ -	\$ 16,584
Payroll taxes	-	-	-	-	3,170
Grants	2,700,070	-	-	2,700,070	3,073,600
Consulting fees - research, analysis, investigative consulting and advocacy project implementation	1,866,129	103,655	42,000	2,011,784	1,605,221
Legal fees	45,336	294,080	-	339,416	28,382
Accounting fees	-	139,675	-	139,675	124,233
Outside service fees	-	-	-	-	52,327
Computer expenses	8,118	2,439	-	10,557	5,316
Occupancy	39,923	14,539	-	54,462	-
Publicity and promotion	277	-	-	277	8,420
Office supplies	33,526	36,963	-	70,489	29,489
Insurance	9,995	14,037	-	24,032	29,063
Travel	21,890	1,604	-	23,494	11,221
Other expenses	584	1,556	1,005	3,145	12,609
Total Expenses Before Amortization	4,725,848	608,548	43,005	5,377,401	4,999,635
Amortization	-	864	-	864	865
Total Expenses	<u>\$ 4,725,848</u>	<u>\$ 609,412</u>	<u>\$ 43,005</u>	<u>\$ 5,378,265</u>	<u>\$ 5,000,500</u>

See notes to financial statements

TheSentry.org, Inc.

Statement of Cash Flows
Year Ended December 31, 2022
(with comparative amounts for the year ended December 31, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (2,051,464)	\$ (1,775,349)
Adjustments to reconcile change in net assets to net cash from operating activities		
Discount on contributions receivable	-	(15,866)
Amortization	864	865
Change in operating assets and liabilities		
Contributions receivable	195,935	166,469
Accounts receivable	(5,218)	-
Prepaid expenses and other assets	(18,488)	(205,194)
Accounts payable and accrued liabilities	31,794	153,406
Grants payable	<u>(904,730)</u>	<u>-</u>
Net Cash from Operating Activities	(2,751,307)	(1,675,669)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>4,163,043</u>	<u>5,838,712</u>
End of year	<u>\$ 1,411,736</u>	<u>\$ 4,163,043</u>

See notes to financial statements

TheSentry.org, Inc.

Notes to Financial Statements
December 31, 2022

1. Organization and Tax Status

TheSentry.org, Inc. (the “Organization”) is part of The Sentry, an investigative and policy team that follows the dirty money connected to African war criminals and transnational war profiteers and seeks to shut those benefitting from violence out of the international financial system. The Sentry’s work is conducted by the Organization’s staff and consultants, in collaboration with the staff of the Enough Project, a project of New Venture Fund (“NVF”), to which the Organization provides grant support.

By disrupting the cost-benefit calculations of those who hijack governments for self-enrichment in East and Central Africa, the deadliest war zone since World War II, The Sentry seeks to counter the main drivers of conflict and create new leverage for peace, human rights, and good governance. The Sentry is composed of financial investigators, international human rights lawyers, and regional experts, as well as former law enforcement agents, intelligence officers, policymakers, investigative journalists, and banking professionals. Co-founded by George Clooney and John Prendergast, The Sentry is a strategic partner of the Clooney Foundation for Justice.

Within East and Central Africa, which loses billions of dollars each year in illicit financial outflows, mainly from its extraordinary natural resource wealth, The Sentry focuses primarily on the conflict zone spanning Sudan, South Sudan, the Democratic Republic of Congo, and the Central African Republic. The aim of The Sentry is to create significant financial consequences for kleptocrats, war criminals, and their international financial facilitators through network sanctions, anti-money laundering measures, prosecutions, compliance actions by banks and other private companies, asset recovery, and other tools of economic and legal pressure. The Sentry engages intensively with policymakers, law enforcement officials, global banks, tech and mining companies, and other private sector entities around the world, and also supports activist campaigns involving students, faith-based groups, celebrities, human rights organizations, and other concerned constituencies.

Since its launch in 2016, The Sentry has converted extensive investigative research into evidence-rich reports and dozens of dossiers on individuals and entities connected to grand corruption, violence, or serious human rights abuses. As a result, assets have been frozen, travel has been banned, money-laundering routes have been exposed and shut down, and individuals have been cut off from the international financial system. Much more needs to be done to alter the incentive structure from war to peace, but consequences are finally being imposed on those orchestrating and benefitting from genocide, mass rape, ethnic cleansing, child soldier recruitment, and other crimes against humanity.

The Organization’s primary source of revenue is contributions from the public and other 501(c)(3) entities. The Organization is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

TheSentry.org, Inc.

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Change in Accounting Principles

In February 2016, the FASB issued Accounting Standards Update (“ASU”) No. 2016-02, *Leases* (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the statement of financial position for leases with terms exceeding 12 months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset.

The Organization adopted the requirements of the new standard effective January 1, 2022, using the modified retrospective transition method, which applies the provisions of the standard at the effective date without any adjustment to the comparative periods presented. The Organization adopted the following practical expedients and elected the following accounting policies related to this standard: Carry forward of historical lease classifications and accounting treatment.

Since the Organization only has short-term leases in effect at the date of implementation, the standard did not have a material impact on the Organization’s financial statements.

As of January 1, 2022, the Organization adopted the provisions of FASB ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). ASU 2020-07 brings more transparency and consistency to the presentation and disclosure of gifts in-kind. The standard does not change the accounting for gifts in-kind, however, provides additional detail on matters related to presentation and disclosure.

Net Asset Classifications

The Organization reports information regarding financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Without donor restrictions – resources that are fully available at the discretion of management and the Board of Directors (the Board), for use in activities within the Organization’s charter and mission.

TheSentry.org, Inc.

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (*continued*)

Net Asset Classifications (continued)

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, 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.

Cash and Cash Equivalents

Cash equivalents include all highly liquid investments with a maturity of three months or less at the time of purchase, including money market accounts.

Contributions and Contributions Receivable

Contributions to the Organization are recorded as revenue upon the receipt of an unconditional pledge or cash or other assets. Contributions are considered available for general use, unless the donors restrict their use. Contributions received that are due in more than one year are discounted at a risk-adjusted rate. As of December 31, 2022, management has deemed all receivables collectible and no allowance necessary.

Contributions are recorded as support with or without donor restrictions depending on the existence of any donor restrictions. All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Trademark and Website Costs

The trademark and website are recorded at cost. Amortization is recorded on the straight-line method over the estimated life of the asset. Useful lives range from three to fifteen years.

Other Assets

Included in prepaid expenses and other assets are reimbursable expenses of approximately \$243,000 and \$207,000 from a related party as of December 31, 2022 and 2021 (see Note 10).

Donated Services

Contributed donated services are reported in the financial statements at fair value if those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and that would typically be purchased if not provided by donation.

TheSentry.org, Inc.

Notes to Financial Statements
December 31, 2022

2. Summary of Significant Accounting Policies (continued)

Grants Awarded

Grants are recognized as expenses at the time authorized and awarded by the Organization. Unexpended balances of grants awarded by the Organization are required to be returned to the Organization. Grant refunds to the Organization are recorded when the amount of refund due becomes known, normally when a final accounting by the grantee is submitted.

Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Expenses are allocated directly to programs, where applicable, on a reasonable and consistent basis. A substantial portion of the Organization's expenses are directly related to program activities. Certain other expenses are attributable to more than one program or supporting function and require allocation. Salaries, payroll taxes and employee benefits, occupancy, and insurance expense are allocated based on the estimate of employee time and effort.

Reclassification

Certain amounts in the December 31, 2021 financial statements have been reclassified to conform to the December 31, 2022 presentation.

Accounting for Uncertainty in Income Taxes

The Organization recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition or disclosure. The Organization is no longer subject to examinations by applicable taxing jurisdictions for periods prior to 2019.

Prior Year Summarized Comparative Information

Information as of and for the year ended December 31, 2021 is presented for comparative purposes only. Certain activity by functional classification and net asset class is not included in these financial statements. Accordingly, such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements as of and for the year ended December 31, 2021, from which the summarized comparative information was derived.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is November 10, 2023.

TheSentry.org, Inc.

Notes to Financial Statements December 31, 2022

3. Concentration of Credit Risk

The Organization's cash, cash equivalents, contributions receivable, and other assets which include reimbursable expenses from a related party are potentially exposed to concentrations of credit risk. The Organization maintains its cash and cash equivalents with financial institutions and throughout the year balances in such institutions may exceed federally insured limits. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation ("FDIC") are insured up to \$250,000. At times cash balances may exceed the FDIC limit. As of December 31, 2022 and 2021, the Organization's uninsured cash and cash equivalents, balances on deposit totaled approximately \$1,058,000 and \$3,893,000. Management believes that the credit risk with respect to balances in excess of insured limits is minimal. The Organization believes no significant concentration of credit risk exists with respect to its contributions receivable or other assets due to the historical collection rate. As a consequence, management believes that the concentration of credit risk is limited.

4. Liquidity and Availability of Financial Assets

The Organization operates with a balanced budget for each fiscal year based on the revenues expected to be available to fund anticipated expenses. A substantial portion of annual revenue is comprised of contribution revenue raised during the current year, and revenue from other sources earned during the year. The Organization considers general expenditures to consist of all expenses related to its ongoing program activities, and the expenses related to general and administrative and fundraising activities undertaken to support those services.

The Organization regularly monitors liquidity to meet its operating needs and other commitments and obligations, while seeking to maximize the investment of its available funds. Management prepares regular cash flow projections to determine liquidity needs and has a policy to maintain liquid financial assets on an ongoing basis to cover ninety days of general expenditures.

The Organization's financial assets as of December 31, 2022 and 2021 and those available within one year to meet cash needs for general expenditures are summarized as follows:

	<u>2022</u>	<u>2021</u>
Financial Assets:		
Cash and cash equivalents without donor restrictions	\$ (615,124)	\$ 2,178,395
Contributions receivable without donor restrictions	132,893	295,978
Other receivables	-	19,980
Reimbursable expenses from related party	<u>243,397</u>	<u>206,732</u>
Total Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	<u>\$ (238,834)</u>	<u>\$ 2,701,085</u>

TheSentry.org, Inc.

Notes to Financial Statements
December 31, 2022

5. Contributions Receivable

Contributions receivable as of December 31, 2022 and 2021 are \$1,094,543 and \$1,290,478. All contributions receivables are expected to be received within one year.

6. Trademark and Website Costs

Trademark and website costs at December 31 consist of the following:

	2022	2021
Trademark	\$ 13,691	\$ 13,691
Website	50,295	50,295
	63,986	63,986
Less: Accumulated amortization	(62,091)	(61,227)
	\$ 1,895	\$ 2,759

Future amortization of the trademark and website costs are expected to be:

2023	\$	388
2024		163
2025		128
2026		128
Thereafter		1,088
		\$ 1,895

7. Donated Services

The Organization received donated services in connection with its operations, which have been recorded at fair value as follows:

	2022	2021	Usage in Program/Activities	Donor Restriction	Fair Value Techniques
Accounting and bookkeeping	\$ -	\$ 27,485	Management and General	None	Estimated based on the hourly rates for the services provided

TheSentry.org, Inc.

Notes to Financial Statements
December 31, 2022

8. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2022 and 2021 are restricted to future programs by the following donors:

	<u>2022</u>	<u>2021</u>
Purpose Restricted:		
National Postcode Loterij	\$ 1,351,321	\$3,229,814
Postcode Heroes	-	432,153
Clooney Foundation for Justice	9,027	127,966
National Endowment for Democracy	11,395	11,395
Justice for Journalists	-	7,167
FCDO	18,791	-
Swedish Post Code	345,895	-
University of California	281,431	-
NDI	9,000	-
Time Restricted:		
National Postcode Loterij	<u>961,650</u>	<u>994,500</u>
	<u>\$ 2,988,510</u>	<u>\$4,802,995</u>

Net assets were released from donor restrictions by incurring expenses satisfying the program restrictions specified by the following donors:

	<u>2022</u>	<u>2021</u>
National Postcode Loterij	\$ 2,872,993	\$2,202,288
Postcode Heroes	1,391,753	1,177,347
Clooney Foundation for Justice	218,939	12,128
Kingdom of Belgium	-	589,701
FCDO	67,021	-
Swedish Post Code	16,816	-
University of California	83,569	-
DT Institute	10,000	-
Justice for Journalists	<u>7,167</u>	<u>31,313</u>
	<u>\$ 4,668,258</u>	<u>\$4,012,777</u>

TheSentry.org, Inc.

Notes to Financial Statements
December 31, 2022

9. Commitments and Contingencies

Grants Payable

At December 31, 2022 and 2021, there were \$0 and \$904,730 in grants payable. Grants payables are due within one year and therefore no discount was applied.

Outstanding Commitments

The Organization entered into various consulting agreements and contracts for services related to its program activities. Outstanding commitments as of December 31, 2022 totaled approximately \$232,000 and are expected to be paid in 2023.

Contingencies

The Organization, in the normal course of business, is exposed to various potential claims and assessments which in the opinion of management, in the event of unfavorable outcomes, would be covered by insurance.

10. Concentration of Revenue, Receivables and Related Party Transactions

At December 31, 2022 and 2021, approximately 100% and 97% of contributions receivable were due from two contributors. During the year ended December 31, 2022, approximately 80% of total support and revenue was received from four contributors. During the year ended December 31, 2021, approximately 72% of total support and revenue was received from one contributor.

During the years ended December 31, 2022 and 2021, \$250,000 and \$510,000 of contributions revenue were received from board members.

The Organization has entered into an operating agreement with NVF, an IRS recognized not-for-profit organization described under Code section 501(c)(3), which details the nature of their relationship and the allocation of costs and reimbursement of expenses from the Organization for the use of NVF's personnel and other services. During 2022 and 2021, the Organization paid expenses on behalf of NVF, which are included in prepaid expenses and other assets on the statement of financial position. During the years ended December 31, 2022 and 2021, approximately \$36,000 and \$194,000 were paid on behalf of NVF. These reimbursable expenses are expected to be repaid by NVF in 2023.

* * * * *