

Freedom Firm USA, Inc.
Financial Report
For the Fiscal Year Ended
June 30, 2021

FREEDOM FIRM USA, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To Management and Board of Directors of
Freedom Firm USA, Inc.

I have audited the accompanying financial statements of Freedom Firm USA, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statement of activities, statement of functional expenses, statement of cash flows, 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

RAH

*R A Headrick, Jr, CPA, LLC
Certified Public Accountant*

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Freedom Firm USA, Inc. as of June 30, 2021, 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.

H. G. Hendricks, Jr., CPA, LLC

Mobile, Alabama

July 23, 2021

FREEDOM FIRM USA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021

Assets

Current assets

| | |
|-----------------------------|----------------|
| Cash and cash equivalents | \$ 192,675 |
| Total current assets | <u>192,675</u> |

| | |
|---------------------|-------------------|
| Total assets | <u>\$ 192,675</u> |
|---------------------|-------------------|

Liabilities and Net Assets

Current liabilities

| | |
|----------------------------------|------------|
| Accounts payable | \$ 779 |
| Total current liabilities | <u>779</u> |

| | |
|--------------------------|------------|
| Total liabilities | <u>779</u> |
|--------------------------|------------|

Net assets

| | |
|---------------------------|----------------|
| Without donor restriction | 191,896 |
| Total net assets | <u>191,896</u> |

| | |
|-----------------------------------------|-------------------|
| Total liabilities and net assets | <u>\$ 192,675</u> |
|-----------------------------------------|-------------------|

See the accompanying notes to the financial statements

FREEDOM FIRM USA, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | Without Donor Restriction |
|-------------------------------------------------------------------|---------------------------------|
| Increases in net assets | |
| Contributions | \$ 289,962 |
| Grants | <u>83,143</u> |
| Total increases in net assets | <u>373,105</u> |
| Decreases in net assets due to operations | |
| General and administration | 76,553 |
| India Program | 223,269 |
| Fund raising | <u>22,693</u> |
| Total decreases in net assets from operations | <u>322,515</u> |
| Change in net assets from operations | 50,590 |
| Other revenue (expense) | |
| Interest | <u>1</u> |
| Total increases in net assets from other revenue (expense) | <u>1</u> |
| Increase in net assets | 50,591 |
| Net assets | |
| Beginning of year | <u>141,305</u> |
| Net assets end of year | <u><u>\$ 191,896</u></u> |

See the accompanying notes to the financial statements

FREEDOM FIRM USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | General and | | | | |
|--------------------------------|------------------|-------------|-------------------|------------------|-------------------|
| | Administration | Events | India Program | Fund Raising | Total |
| Grants | \$ - | \$ - | \$ 223,269 | \$ - | \$ 223,269 |
| Salaries | 51,692 | - | - | - | 51,692 |
| Payroll taxes | 4,244 | - | - | - | 4,244 |
| Staff training | 40 | - | - | - | 40 |
| Professional fees | 5,750 | - | - | - | 5,750 |
| Insurance | 2,213 | - | - | - | 2,213 |
| Marketing and promotions | - | - | - | 22,693 | 22,693 |
| Payroll processing fees | 1,326 | - | - | - | 1,326 |
| Travel | 1,234 | - | - | - | 1,234 |
| Supplies and materials | 1,658 | - | - | - | 1,658 |
| Payment service fees | 2,431 | - | - | - | 2,431 |
| Donor management | 3,899 | - | - | - | 3,899 |
| Subscriptions and registration | 1,347 | - | - | - | 1,347 |
| Bank service charges | 18 | - | - | - | 18 |
| Business meetings | 557 | - | - | - | 557 |
| Tax filing fees | 30 | - | - | - | 30 |
| Other | 114 | - | - | - | 114 |
| | <u>\$ 76,553</u> | <u>\$ -</u> | <u>\$ 223,269</u> | <u>\$ 22,693</u> | <u>\$ 322,515</u> |

See the accompanying notes to the financial statements

FREEDOM FIRM USA, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

| | |
|--------------------------------------------------|-------------------|
| Cash flows from operating activities | |
| Received from support | \$ 373,105 |
| Received from interest | 1 |
| Payments to personnel | (51,692) |
| Payments for program expenses | (171,577) |
| Payments for fund raising expenses | (22,693) |
| Payment for other operating activities | (76,553) |
| Net cash from operating activities | <u>50,591</u> |
| Cash flows from investing activities | <u>-</u> |
| Cash flows from financing activities | <u>-</u> |
| Net increase in cash and cash equivalents | 50,591 |
| Cash and cash equivalents, beginning of year | <u>142,084</u> |
| Cash and cash equivalents, end of year | <u>\$ 192,675</u> |

See the accompanying notes to the financial statements

FREEDOM FIRM USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Summary of significant accounting policies

Nature of activities

Freedom Firm USA, Inc. is a non-profit corporation organized for the support of victims of sex trafficking, raids and rescue of victims, initiation of prosecution of sex traffickers, care of victims in aftercare homes, and counseling to victims in India. The organization is supported primarily through private grants and individual contributions.

Basis of accounting

Freedom Firm USA prepares its financial statements on the accrual basis of accounting. The following accounting policies are presented to facilitate the understanding of information presented in the financial statements.

The financial statements are presented in accordance with Accounting Standards Codification (ASC) 958-205, Not-for-Profit Entities, which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets

Net assets with donor restrictions comprise those amounts restricted by donors, grantors, or for another specific purpose. The expiration of a donor restriction is evidenced by a transfer of net assets with donor restrictions to net assets without donor restrictions classification. Net assets of Freedom Firm USA at June 30, 2021 consists only of net assets without donor restrictions.

Cash and cash equivalents

Cash and cash equivalents are considered to be highly liquid investments with a maturity of three months or less at the date of acquisition and is composed of cash without donor restrictions in the amount of \$192,675 at June 30, 2021.

Estimates

The preparation of these financial statements requires management to make certain estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

FREEDOM FIRM USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1 – Summary of significant accounting policies (continued)

Income tax status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Freedom Firm USA, Inc. is required to file Internal Revenue Service Form 990, Return of Organization Exempt From Income Tax.

Support

Support received is recorded as without donor restrictions or with donor restrictions, depending on the existence and nature of the donor restriction. 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 or specific purpose has been fulfilled. 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 stipulated time restriction ends or purpose for the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from net assets with donor restrictions.

No amounts have been reflected in the financial statements for donated services. Freedom Firm USA pays for services requiring specific expertise.

Note 2 - Concentration of credit risk for cash held in bank

The Organization maintains, at various times, cash balances in excess of \$250,000 in banks, which are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2021, the Organization had no uninsured cash balances.

Note 3 – Allocation of costs

During the 2021 Fiscal Year, Freedom Firm USA conducted activities that included program and management components. Those costs were directly allocated as follows.

| | | |
|-------------------------------|------------------|----------------|
| Grants | \$223,269 | 69.23% |
| Management and administration | 76,553 | 23.74% |
| Fund raising | <u>22,693</u> | <u>7.04%</u> |
| | <u>\$322,515</u> | <u>100.00%</u> |

FREEDOM FIRM USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 4 – Financial Assets

Freedom Firm USA has \$192,675 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$192,675. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. Freedom Firm USA has a goal to maintain financial assets, which consist of cash on hand to meet at least 90 days of normal operating expenses, which are, on average, approximately \$80,700. Freedom Firm USA has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 5 – Subsequent events

Management has evaluated the existence of subsequent events through July 23, 2021. Management is not aware of any material subsequent events, which need to be presented and or disclosed in these financial statements.

Note 6 – Fair Values of Financial Instruments

As defined in U.S. GAAP, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with U.S. GAAP, Freedom Firm USA, Inc. groups its financial assets and financial liabilities generally measured at fair value in the three levels set forth below, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1- Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2- Valuations are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3- Valuations are derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

The following methods and assumptions were used by the Freedom Firm USA, Inc. in estimating fair value of its financial instruments.

Cash and cash equivalents: The carrying amount of cash and cash equivalents approximate their fair value.