

**Freedom Firm, Inc.
Financial Report
For the Period of
July 1, 2016 through June 30, 2017**

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Freedom Firm, Inc.

I have audited the accompanying financial statements of Freedom Firm, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the period of July 1, 2016 through June 30, 2017, 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.

To the Mayor and Town Council

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

RAH

RA 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, Inc. as of June 30, 2017, 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.

K. G. Hendrix, Jr., CPA, LLC

Mobile, Alabama
April 27, 2018

FREEDOM FIRM, INC.
STATEMENT OF FINANCIAL POSITON
JUNE 30, 2017

Assets

Current assets	
Cash and cash equivalents	\$ 111,022
Total current assets	<u>111,022</u>
Total assets	<u><u>\$ 111,022</u></u>

Liabilities and Net Assets

Current liabilities	
Accounts payable	\$ 201
Payroll liabilities	1,645
Total current liabilities	<u>1,846</u>
Total liabilities	<u>1,846</u>
Net assets	
Unrestricted	109,176
Total net assets	<u>109,176</u>
Total liabilities and net assets	<u><u>\$ 111,022</u></u>

**FREEDOM FIRM, INC.
STATEMENT OF ACTIVITIES
FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017**

	<u>Unrestricted</u>
Increases in net assets	
Contributions	\$ 313,925
Grants	57,601
Interest	<u>9</u>
Total increases in net assets	<u>371,535</u>
Decreases in net assets due to operations	
Grants	139,378
Personnel costs	119,553
Special events	20,403
Professional fees	9,673
Communications	900
Supplies and materials	5,161
Insurance	1,375
Donor management	1,914
Business meetings	327
Bank service charges	757
Staff training	644
Other	<u>72</u>
Decreases in net assets for operations	<u>300,157</u>
Change in net assets	71,378
Net assets	
Beginning of year	<u>37,798</u>
Net assets end of year	<u><u>\$ 109,176</u></u>

FREEDOM FIRM, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017

Operating activities	
Increase in net assets	\$ 71,378
Adjustments to reconcile decrease in net assets to net cash from operating activities:	
Decrease in accounts payable	(1)
Decrease in payroll liabilities	(99)
Net cash from operating activities	<u>71,278</u>
 Cash flows from investing activities	 <u>-</u>
 Cash flows from financing activities	 <u>-</u>
Net decrease in cash and cash equivalents	71,278
Cash and cash equivalents, beginning of year	<u>39,744</u>
Cash and cash equivalents, end of year	<u><u>\$ 111,022</u></u>

FREEDOM FIRM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017

Note 1 – Summary of significant accounting policies

Nature of activities

Freedom Firm, 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 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets

The financial statements are presented in accordance with ASC 958, Not-for-Profit Entities, which requires Freedom Firm to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Restricted net assets comprise those amounts restricted by donors, grantors, or other specific purpose. Temporarily restricted net assets comprise those amounts restricted by donors or grantors for use during a specific time period or for a particular purpose. The expiration of a temporary restriction is evidenced by a transfer of net assets to the unrestricted classification. Net assets of Freedom Firm at June 30, 2016 consists only of unrestricted net assets.

Cash and cash equivalents

Cash and cash equivalents are considered to be highly liquid investments with a maturity of three months or less at date of acquisition and is composed of cash which was an unrestricted amount of \$111,022 at June 30, 2017.

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, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD OF JULY 1, 2016 THROUGH JUNE 30, 2017

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 is required to file Internal Revenue Service Form 990, Return of Organization Exempt From Income Tax.

Support

Support received is recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restriction. When a stipulated time restriction ends or purpose for the restriction is accomplished, temporarily restricted or permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

No amounts have been reflected in the financial statements for donated services. Freedom Firm 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, 2016 the Organization had no uninsured cash balances.

Note 3 – Allocation of costs

Form July 1, 2016 through June 30, 2017, Freedom Firm conducted activities that included program and management components. Those costs are allocated as follows.

Fund raising	20,403	8%
Grants and materials	139,378	44%
Management and general	<u>140,376</u>	<u>48%</u>
	<u>300,157</u>	<u>100%</u>

Note 4 – Subsequent events

Management has evaluated the existence of subsequent events through April 27, 2017. Management is not aware of any material subsequent events, which need to be presented and or disclosed in these financial statements.