

**Freedom Firm USA, Inc.**  
**Financial Report**  
**For the Fiscal Year Ended**  
**June 30, 2020**

**FREEDOM FIRM USA, INC.**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**TABLE OF CONTENTS**

	Page
Independent Auditor's Report	1
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7

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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, 2020, 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*

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**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, 2020, 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.

*JG Hendrich, Jr., CPA, LLC*

Mobile, Alabama

August 17, 2020

**FREEDOM FIRM USA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020**

**Assets**

**Current assets**

Cash and cash equivalents	\$ 142,130
<b>Total current assets</b>	<u>142,130</u>

<b>Total assets</b>	<u><u>\$ 142,130</u></u>
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**Liabilities and Net Assets**

**Current liabilities**

Accounts payable	\$ 824
<b>Total current liabilities</b>	<u>824</u>

<b>Total liabilities</b>	<u>824</u>
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**Net assets**

Without donor restriction	141,306
<b>Total net assets</b>	<u>141,306</u>

<b>Total liabilities and net assets</b>	<u><u>\$ 142,130</u></u>
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*See the accompanying notes to the financial statements*

**FREEDOM FIRM USA, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	Without Donor Restriction
<b>Increases in net assets</b>	
Contributions	\$ 245,965
Grants	146,022
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<b>Total increases in net assets</b>	391,987
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<b>Decreases in net assets due to operations</b>	
General and administration	98,526
India Program	266,472
Events	11,985
Fund raising	8,941
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<b>Total decreases in net assets from operations</b>	385,924
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<b>Change in net assets from operations</b>	6,063
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<b>Other revenue (expense)</b>	
Freedom Camps	5,950
Interest	1
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<b>Total increases in net assets from other revenue (expense)</b>	5,951
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<b>Increase in net assets</b>	12,014
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<b>Net assets</b>	
Beginning of year	129,292
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<b>Net assets end of year</b>	\$ 141,306
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*See the accompanying notes to the financial statements*

**FREEDOM FIRM USA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	General and Administration	Events	India Program	Fund Raising	Total
Grants	\$ -	\$ -	\$ 266,472	\$ -	\$ 266,472
Salaries	67,939	-	-	-	67,939
Payroll taxes	6,510	-	-	-	6,510
Special events	-	5,831	-	-	5,831
Professional fees	8,041	-	-	-	8,041
Insurance	2,660	-	-	-	2,660
Marketing and promotions	-	-	-	8,941	8,941
Conferences	-	4,000	-	-	4,000
Payroll processing fees	691	-	-	-	691
Travel	-	2,154	-	-	2,154
Supplies and materials	2,422	-	-	-	2,422
Payment service fees	1,779	-	-	-	1,779
Donor management	5,470	-	-	-	5,470
Subscriptions and registration	1,452	-	-	-	1,452
Communications	175	-	-	-	175
Bank service charges	310	-	-	-	310
Business meetings	1,073	-	-	-	1,073
Other	4	-	-	-	4
	<u>\$ 98,526</u>	<u>\$ 11,985</u>	<u>\$ 266,472</u>	<u>\$ 8,941</u>	<u>\$ 385,924</u>

*See the accompanying notes to the financial statements*

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**FREEDOM FIRM USA, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

<b>Cash flows from operating activities</b>	
Received from support	\$ 397,937
Received from interest	1
Payments to personnel	(67,939)
Payments for program expenses	(284,150)
Payment for other operating activities	(31,052)
<b>Net cash from operating activities</b>	<u>14,797</u>
<b>Cash flows from investing activities</b>	<u>-</u>
<b>Cash flows from financing activities</b>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	14,797
Cash and cash equivalents, beginning of year	<u>127,333</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 142,130</u>

*See the accompanying notes to the financial statements*



**FREEDOM FIRM USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**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, 2020 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 \$142,130 at June 30, 2020.

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, 2020**

**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, 2020, the Organization had no uninsured cash balances.

**Note 3 – Allocation of costs**

During the 2020 Fiscal Year, Freedom Firm USA conducted activities that included program and management components. Those costs were directly allocated as follows.

Grants	\$ 266,472	69.05%
Management and administration	98,526	25.53%
Fund raising	<u>20,926</u>	<u>5.42%</u>
	<u>\$ 385,924</u>	<u>100.00%</u>

**FREEDOM FIRM USA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Note 4 – Financial Assets**

Freedom Firm USA has \$142,130 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$142,130. 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 60 days of normal operating expenses, which are, on average, approximately \$64,000. 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 August 17, 2020. 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.