

**Freedom Firm, Inc.
Financial Report**

For the Period of

July 1, 2017 through June 30, 2018

FREEDOM FIRM, INC.
JULY 1, 2017 THROUGH JUNE 30, 2018

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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, 2018, and the related statements of activities and cash flows for the period of July 1, 2017 through June 30, 2018, 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, Inc. as of June 30, 2018, 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.

LG Hendrix, Jr., CPA, LLC

Mobile, Alabama
September 24, 2018

FREEDOM FIRM, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

Assets

Current assets

Cash and cash equivalents

\$ 190,770

Total current assets

190,770

Total assets

\$ 190,770

Liabilities and Net Assets

Current liabilities

Accounts payable

\$ 824

Payroll liabilities

866

Total current liabilities

1,690

Total liabilities

1,690

Net assets

Without donor restriction

189,080

Total net assets

189,080

Total liabilities and net assets

\$ 190,770

See the accompanying notes to the financial statements

FREEDOM FIRM, INC.
STATEMENT OF ACTIVITIES
FOR THE PERIOD OF JULY 1, 2017 THROUGH JUNE 30, 2018

	<u>Without Donor Restriction</u>
Increases in net assets	
Contributions	\$ 236,475
Grants	137,926
Interest	<u>23</u>
Total increases in net assets	<u>374,424</u>
Decreases in net assets due to operations	
Program services	190,989
Management and general	89,612
Fund raising	<u>13,920</u>
Decreases in net assets for operations	<u>294,521</u>
Change in net assets	79,903
Net assets	
Beginning of year	<u>109,177</u>
Net assets end of year	<u><u>\$ 189,080</u></u>

See the accompanying notes to the financial statements

FREEDOM FIRM, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE PERIOD OF JULY 1, 2017 THROUGH JUNE 30, 2018

	Program Services	Management and General	Fundraising	Total
Personnel costs	\$ -	\$ 74,895	\$ -	\$ 74,895
Professional fees	-	7,350	-	7,350
Communications	-	300	-	300
Supplies and materials	-	2,432	-	2,432
Insurance	-	560	-	560
Donor management software	-	2,088	-	2,088
Payment service fees	-	1,600	-	1,600
Bank service charges	-	387	-	387
Grants	190,989	-	-	190,989
Special events	-	-	13,920	13,920
Total functional expenses	<u>\$ 190,989</u>	<u>\$ 89,612</u>	<u>\$ 13,920</u>	<u>\$ 294,521</u>

See the accompanying notes to the financial statements

FREEDOM FIRM, INC.
STATEMENT OF CASH FLOWS
FOR THE PERIOD OF JULY 1, 2017 THROUGH JUNE 30, 2018

Cash flows from operating activities

Received from support	\$ 374,401
Received from interest	23
Payments to personnel	(88,989)
Payments for program expenses	(190,989)
Payment for other operating activities	(14,699)
Net cash from operating activities	<u>79,747</u>

Cash flows from investing activities

-

Cash flows from financing activities

-

Net increase in cash and cash equivalents

79,747

Cash and cash equivalents, beginning of year

111,023

Cash and cash equivalents, end of year

\$ 190,770

See the accompanying notes to the financial statements

**FREEDOM FIRM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD OF JULY 1, 2017 THROUGH JUNE 30, 2018**

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 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 at June 30, 2018 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 \$190,770 at June 30, 2018.

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, 2017 THROUGH JUNE 30, 2018

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 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 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, 2018 the Organization had no uninsured cash balances.

Note 3 – Allocation of costs

Form July 1, 2017 through June 30, 2018, Freedom Firm conducted activities that included program and management components. Those costs are allocated as follows.

Grants	\$ 190,989	65%
Management and general	89,612	30%
Fund raising	13,920	5%
	<u>\$ 294,521</u>	<u>100%</u>

**FREEDOM FIRM, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD OF JULY 1, 2017 THROUGH JUNE 30, 2018**

Note 4 – Financial Assets

Freedom Firm has \$190,770 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$190,770. 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 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 \$49,000. Freedom Firm 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 September 24, 2018. Management is not aware of any material subsequent events, which need to be presented and or disclosed in these financial statements.