

Freedom Firm USA, Inc.
Financial Report
For the Fiscal Year Ended
June 30, 2022

FREEDOM FIRM USA, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, statement of functional expenses, and cash flows for the Fiscal Year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets, statement of functional expenses, 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

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Freedom Firm USA, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Freedom Firm USA, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 auditor's report

RAH

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

that includes my 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, I:

- 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 Freedom Firm USA Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Freedom Firm USA Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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.



Mobile, Alabama
July 30, 2022

FREEDOM FIRM USA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

Assets

Current assets

Cash and cash equivalents	\$ 383,811
Total current assets	<u>383,811</u>

Total assets	<u>\$ 383,811</u>
---------------------	-------------------

Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 2,015
Total current liabilities	<u>2,015</u>

Total liabilities	<u>2,015</u>
--------------------------	--------------

Net assets

Without donor restriction	381,796
Total net assets	<u>381,796</u>

Total liabilities and net assets	<u>\$ 383,811</u>
---	-------------------

See the accompanying notes to the financial statements

FREEDOM FIRM USA, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	Without Donor Restriction
Increases in net assets	
Contributions	\$ 312,584
Grants	148,526
	<hr/>
Total increases in net assets	461,110
	<hr/>
Decreases in net assets due to operations	
General and administration	90,890
India Program	161,790
Fund raising	18,940
	<hr/>
Total decreases in net assets from operations	271,620
	<hr/>
Change in net assets from operations	189,490
	<hr/>
Other revenue (expense)	
Miscellaneous revenue	429
Interest	14
	<hr/>
Total increases in net assets from other revenue (expense)	443
	<hr/>
Increase in net assets	189,933
	<hr/>
Net assets	
Beginning of year	191,863
	<hr/>
Net assets end of year	\$ 381,796
	<hr/> <hr/>

See the accompanying notes to the financial statements

FREEDOM FIRM USA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	General and Administration	Events	India Program	Fund Raising	Total
Grants	\$ -	\$ -	\$ 161,790	\$ -	\$ 161,790
Salaries	58,630	-	-	-	58,630
Payroll taxes	4,969	-	-	-	4,969
Staff training	11	-	-	-	11
Professional fees	2,000	-	-	-	2,000
Insurance	2,213	-	-	-	2,213
Marketing and promotions	-	-	-	18,940	18,940
Payroll processing fees	838	-	-	-	838
Travel	6,497	-	-	-	6,497
Supplies and materials	2,848	-	-	-	2,848
Payment service fees	4,114	-	-	-	4,114
Donor management	4,553	-	-	-	4,553
Subscriptions and registration	1,435	-	-	-	1,435
Bank service charges	24	-	-	-	24
Business meetings	367	-	-	-	367
Tax filing fees	90	-	-	-	90
Other	2,301	-	-	-	2,301
	<u>\$ 90,890</u>	<u>\$ -</u>	<u>\$ 161,790</u>	<u>\$ 18,940</u>	<u>\$ 271,620</u>

See the accompanying notes to the financial statements

FREEDOM FIRM USA, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Cash flows from operating activities	
Received from support	\$ 461,110
Received from interest	14
Received from miscellaneous sources	429
Payments to personnel	(58,663)
Payments for program expenses	(101,924)
Payments for fund raising expenses	(18,940)
Payment for other operating activities	(90,890)
Net cash from operating activities	<u>191,136</u>
Cash flows from investing activities	<u>-</u>
Cash flows from financing activities	<u>-</u>
Net increase in cash and cash equivalents	191,136
Cash and cash equivalents, beginning of year	<u>192,675</u>
Cash and cash equivalents, end of year	<u><u>\$ 383,811</u></u>

See the accompanying notes to the financial statements

FREEDOM FIRM USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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, 2022 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 \$383,811 at June 30, 2022.

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, 2022

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, 2022, the Organization had no uninsured cash balances.

Note 3 – Allocation of costs

During the 2022 Fiscal Year, Freedom Firm USA conducted activities that included program and management components. Those costs were directly allocated as follows.

Grants	\$ 161,790	59.56%
Management and administration	90,890	33.46%
Fund raising	<u>18,940</u>	<u>6.97%</u>
	<u>\$ 271,620</u>	<u>100.00%</u>

FREEDOM FIRM USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

Note 4 – Financial Assets

Freedom Firm USA has \$383,811 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$373,811. 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 \$67,905. 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 30, 2022. 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.