

Freedom Firm USA, Inc.
Financial Report
For the Fiscal Year Ended
June 30, 2024

FREEDOM FIRM USA, INC.
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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, 2024, and the related statements of activities, 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, 2024, 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

RAHjr

*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.

Handwritten signature of K.C. Ferdinandez, CPA, LLC in black ink.

Mobile, Alabama
August 13, 2024

FREEDOM FIRM USA, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024

Assets

Current assets

Cash and cash equivalents	\$ 264,151
Investment - certificate of deposit	104,722
Total current assets	<u>368,873</u>

Total assets	<u>\$ 368,873</u>
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Liabilities and Net Assets

Current liabilities

Accounts payable	\$ 264
Payroll liabilities	257
Total current liabilities	<u>521</u>

Total liabilities	<u>521</u>
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Net assets

Without donor restrictions	368,352
Total net assets	<u>368,352</u>

Total liabilities and net assets	<u>\$ 368,873</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, 2024

	<u>Without Donor Restriction</u>
Increases in net assets	
Contributions	\$ 253,004
Grants	<u>78,000</u>
Total increases in net assets	<u>331,004</u>
Decreases in net assets due to operations	
General and administration	101,210
India Program	308,308
Fund raising	<u>8,936</u>
Total decreases in net assets from operations	<u>418,454</u>
Change in net assets from operations	(87,450)
Other revenue	
Interest	<u>14,625</u>
Total increases in net assets from other revenue	<u>14,625</u>
Increase in net assets	(72,825)
Net assets	
Beginning of year	<u>441,177</u>
Net assets end of year	<u><u>\$ 368,352</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, 2024

	General and Administration	India Program	Fund Raising	Total
Grants	\$ -	\$ 308,308	\$ -	\$ 308,308
Salaries	69,768	-	-	69,768
Payroll taxes	5,577	-	-	5,577
Staff training	445	-	-	445
Professional fees	4,900	-	-	4,900
Insurance	3,078	-	-	3,078
Marketing and promotions	-	-	8,936	8,936
Payroll processing fees	1,953	-	-	1,953
Travel	5,069	-	-	5,069
Supplies and materials	1,772	-	-	1,772
Payment service fees	1,111	-	-	1,111
Donor management	5,213	-	-	5,213
Subscriptions and registration	1,841	-	-	1,841
Bank service charges	245	-	-	245
Business meetings	182	-	-	182
Tax filing fees	56	-	-	56
Other	-	-	-	-
	<u>\$ 101,210</u>	<u>\$ 308,308</u>	<u>\$ 8,936</u>	<u>\$ 418,454</u>

See the accompanying notes to the financial statements.

FREEDOM FIRM USA, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Cash flows used in operating activities	
Received from support	\$ 331,004
Received from interest	14,625
Payments to personnel	(69,740)
Payments for administrative expenses	(31,545)
Payments for program expenses	(308,308)
Payments for fund raising expenses	(8,936)
Net cash used in operating activities	<u>(72,900)</u>
Cash flows from investing activities	
Reclassification of 3-month certificate of deposit to cash	100,000
Renewal of certificates of deposit	(4,722)
Net cash from investing activities	<u>95,278</u>
Cash flows from financing activities	<u>-</u>
Net increase in cash and cash equivalents	22,378
Cash and cash equivalents, beginning of year	<u>241,773</u>
Cash and cash equivalents, end of year	<u><u>\$ 264,151</u></u>

Schedule of Cash Balances

	Ending Cash Balances at 6/30/24	Beginning Cash Balances at 7/1/2023
Donation account	\$ -	\$ -
Pay Pal cash balance	142	-
Chase operating account	37,115	82,814
Internship savings	15,041	25,036
Wells Fargo operating account	111,853	32,963
3-month certificate of deposit	<u>100,000</u>	<u>100,960</u>
Total cash equivalents	<u><u>\$ 264,151</u></u>	<u><u>\$ 241,773</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, 2024

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, 2024 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 \$264,151 at June 30, 2024.

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, 2024

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.

Revenue Recognition

On July 1, 2021, Freedom Firm USA, Inc. implemented ASU 2014-09 Revenue from Contracts with Customers and all subsequent amendments to the ASU (collectively, “ASC 606”), which (i) creates a single framework for recognizing revenue from contracts with customers that fall within its scope and (ii) revises when it is appropriate to recognize a gain (loss) from the transfer of nonfinancial assets, such as OREO (other real estate owned). The majority (100%) of Freedom Firm’s revenue from grants (24%) and contributions (76%), which are outside the scope of ASC 606. Freedom Firm recognized revenue as it was received.

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 – Allocation of costs

During the 2024 Fiscal Year, Freedom Firm USA conducted activities that included program and management components. Those costs were directly allocated as follows.

Grants	\$ 308,308	74%
Management and administration	101,210	24%
Fund raising	<u>8,936</u>	<u>2%</u>
	<u>\$ 418,454</u>	<u>100%</u>

FREEDOM FIRM USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Note 3 - 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, 2024, the Organization had no uninsured cash balances.

Note 4 – Financial Assets

Freedom Firm USA has \$364,151 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$264,151 and \$100,000 5-month certificate of deposit. 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 180 days of normal operating expenses, which are, on average, approximately \$209,000. 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 – 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 Freedom Firm USA, Inc. in estimating the fair value of its financial instruments.

Certificates of deposit with 1 year and greater maturities: The carrying amount of certificates of deposit approximate their fair value.

FREEDOM FIRM USA, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Note 6 – Subsequent events

Management has evaluated the existence of subsequent events through August 13, 2024. Management is not aware of any material subsequent events, which need to be presented and or disclosed in these financial statements.