

Freedom's Promise
Financial Statements
December 31, 2014

Freedom's Promise

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ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
Freedom's Promise

I have compiled the accompanying statement of financial position of Freedom's Promise (a non-profit organization) as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended. I have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

My responsibility is to conduct the compilation in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

WN Rowe CPA

July 31, 2015

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Freedom's Promise
Statement of Financial Position
December 31, 2014

ASSETS

Current assets	
Cash	\$ 53,647
Prepaid expenses	<u>23,643</u>
Total current assets	77,289
Property and equipment	
Equipment, net	<u>297</u>
Total property and equipment	<u>297</u>
Total assets	<u><u>77,586</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Payroll tax liabilities	<u>351</u>
Total current liabilities	351
Net assets	
Unrestricted	<u>77,235</u>
Total net assets	<u>77,235</u>
Total liabilities and net assets	<u><u>\$ 77,586</u></u>

The accompanying notes are an integral part of these financial statements
See Accountant's Compilation Report

Freedom's Promise
Statement of Activities
For the Year Ended December 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Gifts and donations	\$ 130,802	48,736	\$ 179,537
Fair trade sales	-	3,140	3,140
Other revenue	4,201	-	4,201
Total revenues	<u>135,003</u>	<u>51,876</u>	<u>186,879</u>
Net assets released from restriction			
For program services	<u>51,876</u>	<u>(51,876)</u>	<u>-</u>
Total net assets released from restriction	<u>51,876</u>	<u>(51,876)</u>	<u>-</u>
Expenses			
Program services			
Trafficking prevention programs			
Cambodia education and care	79,241	-	79,241
Freedoms Healing	42,542	-	42,542
Awareness education	2,342	-	2,342
Fair trade expense	1,225	-	1,225
Total program services	<u>125,351</u>	<u>-</u>	<u>125,351</u>
Fundraising expense	19,961	-	19,961
Supporting services	<u>14,859</u>	<u>-</u>	<u>14,859</u>
Total expenses	<u>160,170</u>	<u>-</u>	<u>160,170</u>
Increase (Decrease) in net assets	26,709	-	26,709
Net assets at beginning of period	<u>50,526</u>	<u>-</u>	<u>50,526</u>
Net assets at end of period	<u>\$ 77,235</u>	<u>-</u>	<u>\$ 77,235</u>

The accompanying notes are an integral part of these financial statements
See Accountant's Compilation Report

Freedom's Promise
Statement of Functional Expenses
For the Year Ended December 31, 2014

	<u>Gen-Admin</u>	<u>Fundraising</u>	<u>Awareness Education</u>	<u>Cambodia Programs</u>	<u>Freedoms Healing</u>	<u>Total Programs</u>	<u>TOTAL</u>
Expenses							
Salaries and wages	3,000	7,000	0	5,000	5,000	10,000	20,000
Taxes and licenses	432	536	0	383	383	765	1,732
Insurance	906	0	0	0	0	0	906
Meals and entertainment	310	0	0	0	0	0	310
Professional fees	6,869	7,500	0	0	0	0	14,369
Banking fees	1,143	0	0	733	0	733	1,876
Board expense	395	0	0	0	0	0	395
Office expense	310	128	0	2	95	98	536
Supplies	159	0	0	358	2,592	2,949	3,108
Conferences and education	376	0	0	0	0	0	376
Information technology	760	0	0	0	0	0	760
Depreciation	149	0	0	0	0	0	149
Travel and lodging	50	0	0	13,055	34,472	47,527	47,577
Awareness and events	0	4,088	2,342	0	0	2,342	6,430
Direct program support	0	0	0	59,712	0	59,712	59,712
Marketing	0	709	0	0	0	0	709
Fair Trade expense	0	0	0	1,225	0	1,225	1,225
Total Expenses	<u>14,859</u>	<u>19,961</u>	<u>2,342</u>	<u>80,466</u>	<u>42,542</u>	<u>125,351</u>	<u>160,170</u>

The accompanying notes are an integral part of these financial statements
See Accountant's Compilation Report

Freedom's Promise
Statement of Cash Flows
For the Year Ended December 31, 2014

Cash flows from operating activities		
Increase (decrease) in net assets	\$	26,709
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	\$	149
Changes in operating assets and liabilities		
Increase in prepaid expenses	(21,854)	
Increase in payroll tax liability	351	
Total adjustments for changes in net assets		(21,354)
Net cash provided (used) by operating activities		5,355
Cash flows from investing activities		
Net cash provided (used) by investing activities		0
Cash flows from financing activities		
Net cash provided (used) by financing activities		0
Net increase (decrease) in cash and cash equivalents		5,355
Cash and cash equivalents - beginning of year		48,292
Cash and cash equivalents - end of year	\$	53,647

The accompanying notes are an integral part of these financial statements
See Accountant's Compilation Report

FREEDOM'S PROMISE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – NATURE OF BUSINESS

Nature of Organization

Freedom's Promise was formed on June 28, 2007, as a Tennessee Nonprofit Corporation. It is a public benefit corporation located in Nashville, Tennessee. It does not have members and is not affiliated with a national organization. Freedom's Promise (the "Organization") is exempt from income tax under section 501(c)(3) of the Internal Revenue Code. Its mission is to prevent human trafficking and child exploitation in Cambodia through individualized community development programs, resulting in trafficking-free safe zones.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-impose stipulations that may or will be met, either by the actions of the Organization and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. The Organization had no permanently restricted net assets at December 31, 2014.

Contributions

Freedom's Promise accounts for contributions in accordance with the standards of accounting and reporting prescribed for nonprofit entities. Under these standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor imposed restrictions. Also, under these standards, certain contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions.

In accordance with standards of accounting and reporting prescribed for nonprofit entities, unconditional promises to give are to be recorded as accounts receivable, net of any allowances for estimated uncollectible amounts. There were no unconditional promises to give recognized by the Organization at December 31, 2014.

FREEDOM'S PROMISE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (Continued)

Contributed Services and Materials

In addition to receiving cash contributions, the Freedom's Promise occasionally receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of these donations which meet related accounting requirements. These in-kind donations are recorded as an asset or expense in its financial statements, while increasing donations by the same amount.

A substantial number of volunteers have donated significant amounts of time to the Organization's programs and supporting services. Contributions of donated services may create or enhance nonfinancial assets or require specialized skills by individuals possessing these skills. Such services would typically need to be purchased if not provided by donation, and are therefore recorded at their fair values during the period received. For the year ended December 31, 2014, there were no amounts recorded for contributed services and materials.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash and highly liquid debt instruments, purchased with a maturity of three months or less when purchased, to be cash equivalents. The Organization places its cash and cash equivalents with financial institutions which management considers to be of high quality.

Property and Equipment

Property and equipment are stated at cost at date of acquisition or estimated fair market value at date of donation in the case of gifts. Expenditures for ordinary maintenance and repairs are charged to operations. Renewals and betterments that materially extend the life of an asset are capitalized. Depreciation of property and equipment over the estimated useful lives of the respective assets is calculated on a straight-line basis.

Guidance for nonprofit organizations requires that long-lived assets and certain identifiable intangibles to be held and used or disposed of by an entity, to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Organization has determined that no impairment loss need be recognized for its long-lived assets.

Income Taxes

Freedom's Promise is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is included in the financial statements. There are no tax penalties or interest reported in the accompanying financial statements. The Organization had no uncertain tax positions at December 31, 2014.

FREEDOM'S PROMISE
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRACTICES (Continued)

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported therein. Due to the inherent uncertainty involved in making estimates, actual results reported in future periods may be based upon amounts that differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are reported on the statement of functional expenses. Certain costs have been allocated among the program and supporting services benefitted based on estimates made by management.

Subsequent Events

The Organization evaluated subsequent events through July 31, 2015, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the issuance of this report that would have a material impact on the financial statements.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2014:

Furniture and equipment	\$ 743
Less accumulated depreciation	<u>(446)</u>
Furniture and equipment, net	<u>\$ 297</u>

Depreciation for the year ended December 31, 2014, in the amount of \$149 is included in the supporting services category.

NOTE 4 – NET ASSETS

Freedom's Promise had no temporarily restricted net assets or permanently restricted net assets at December 31, 2014.