

FINDING FREEDOM
THROUGH FRIENDSHIP, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2016

FINDING FREEDOM THROUGH FRIENDSHIP, INC.
LEXINGTON, KENTUCKY

CONTENTS

	<u>Page(s)</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statement of Assets, Liabilities and Net Assets - Cash Basis	3
Statement of Support, Revenue and Expenses - Cash Basis	4
Notes to Financial Statements	5 - 6

KRING, RAY, FARLEY & RIDDLE, PSC

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INDEPENDENT AUDITORS' REPORT



Board of Directors
Finding Freedom Through Friendship, Inc.
Lexington, Kentucky

We have audited the accompanying financial statements of Finding Freedom Through Friendship, Inc. (a nonprofit organization), which comprise the statement of assets, liabilities and net assets - cash basis as of December 31, 2016, and the related statement of support, revenues and expenses - cash basis for the year then ended, 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 the cash basis of accounting as described in Note A; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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 auditors' 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Finding Freedom Through Friendship, Inc., as of December 31, 2016, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note A.

Basis of Accounting

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Kring, Ray, Farley & Riddle, PSC

Lexington, Kentucky

July 25, 2017

FINDING FREEDOM THROUGH FRIENDSHIP, INC.
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - CASH BASIS
DECEMBER 31, 2016

ASSETS

Current Assets:

Cash	\$ 23,662
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Total Assets	<u>\$ 23,662</u>
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LIABILITIES AND NET ASSETS

Net Assets:

Unrestricted	\$ 23,662
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Total Liabilities and Net Assets	<u>\$ 23,662</u>
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The accompanying notes are an integral part of these financial statements.

FINDING FREEDOM THROUGH FRIENDSHIP, INC.
STATEMENT OF SUPPORT, REVENUE AND EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2016

Changes in Unrestricted Net Assets:

Support and Revenue:

Individual donations	\$ 77,066
Corporate sponsorships	419
Fundraising	<u>2,028</u>
Total Support and Revenue	<u>79,513</u>

Expenses:

Program Expenses:

Lodging	17,249
Education	13,384
Nutrition	11,178
Healthcare	9,943
Facilitator	5,304
Microfinancing	3,001
Supplies	<u>531</u>
Total Program Expenses	<u>60,590</u>

Fundraising Expenses:

Contract services	<u>297</u>
Total Fundraising Expenses	<u>297</u>

General and Administrative Expenses:

Bank and credit card fees	755
Contract services	1,429
Advertising	1,090
Postage	1,011
Computer and website hosting	1,056
Office supplies and maintenance	2,031
Travel	<u>404</u>
Total General and Administrative Expenses	<u>7,776</u>

Total Expenses	<u>68,663</u>
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Increase in Unrestricted Net Assets	10,850
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Net Assets, beginning of year	<u>12,812</u>
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Net Assets, end of year	<u>\$ 23,662</u>
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The accompanying notes are an integral part of these financial statements.

FINDING FREEDOM THROUGH FRIENDSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note A - Summary of Significant Accounting Policies:

Organization - Finding Freedom Through Friendship, Inc. (the Organization), is a nonprofit corporation formed to provide for the critical needs of single mothers and elderly women in developing countries through assistance with nutrition, social services, economic empowerment, education, housing and healthcare.

Basis of Accounting - The Organization's policy is to prepare its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Consequently, revenues are recognized when received rather than when earned, and expenses and purchases of assets are recognized when cash is disbursed rather than when the obligation is incurred.

Basis of Presentation - The Organization reports its financial position and activities according to the following three classes of net assets:

Unrestricted Net Assets - represents the portion of expendable funds that are available for support of the Organization's operations or net assets subject to board-imposed stipulations.

Temporarily Restricted Net Assets - represents net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time. As of December 31, 2016, the Organization held no temporarily restricted net assets.

Permanently Restricted Net Assets - represents funds subject to donor-imposed stipulations that the assets be maintained permanently by the Organization. Generally, the donor of such funds permits the Organization to use all or part of the income earned on the funds. As of December 31, 2016, the Organization held no permanently restricted net assets.

Functional Allocation of Expenses - The costs of providing the various program and support services have been summarized on a functional basis in the Statement of Support, Revenues and Expenses - Cash Basis. Accordingly, certain costs are allocated among the programs and supporting services benefited.

Income Taxes - The Organization is exempt from payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization shall exercise only such powers as are in furtherance of the exempt purposes of the Organization as set forth in the Internal Revenue Code section mentioned above.

The Organization is not aware of any activities that would jeopardize its tax exempt status and is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. As of December 31, 2016, there are no identified uncertain tax positions. With few exceptions, the Organization is no longer subject to income tax examinations by tax authorities for the years before 2014.

Note B - Designated and Restricted Funds:

The Organization's cash can be restricted through the actions of the Board of Directors and/or through donor-imposed restrictions. As of December 31, 2016, there were no designated or restricted funds held by the Organization.

FINDING FREEDOM THROUGH FRIENDSHIP, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

Note C - Donated Services:

A substantial number of volunteers donated time to support the Organization's activities. No amount has been included in the accompanying financial statements for these services as the value could not be determined.

Note D - Date of Management's Review:

Subsequent events have been evaluated through July 25, 2017, which is the date the financial statements were available to be issued.