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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 comprises the statement of financial position – cash basis as of December 31, 2020, and the related statement of activities and cash flows – cash basis for the year then ended, and the related notes to 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 1; 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 controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 State 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.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of Finding Freedom Through Friendship, Inc. as of December 31, 2020, and the activity and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Edwin Slom, CPA*

Northbrook, Illinois  
February 26, 2021

FINDING FREEDOM  
THROUGH FRIENDSHIP, INC.

FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2020

FINDING FREEDON THROUGH FRIENDSHIP, INC.  
LEXINGTON, KENTUCKY

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FINDING FREEDOM THROUGH FRIENDSHIP, INC.  
STATEMENT OF FINANCIAL POSITION - CASH BASIS  
For the Year Ended December 31, 2020

ASSETS

Current Assets	
Cash	<u>\$ 69,346</u>
Total Assets	<u>\$ 69,346</u>

LIABILITIES AND NET ASSETS

Net Assets	
Unrestricted	<u>\$ 69,346</u>
Total Liabilities and Net Assets	<u>\$ 69,346</u>

The accompanying notes are an integral part of these financial statements.

FINDING FREEDOM THROUGH FRIENDSHIP, INC.  
STATEMENT OF ACTIVITY and CASH FLOWS - CASH BASIS  
For the Year Ended December 31, 2020

Changes in Unrestricted Net Assets:

Revenue

Individual donations	\$ 94,676
Corporate sponsorships	61,050
Fundraising	<u>13,519</u>
 Total Revenue	 <u>169,245</u>

Expenses

Program Expenses

Lodging construction	23,474
Education	22,475
Nutrition	28,467
Healthcare	32,299
Facilitator	11,050
Microfinancing	4,384
Supplies	3,994
Other	<u>1,445</u>

Total Program Expenses 127,588

Fundraising Expenses

Contract services 800

Total Fundraising Expenses 800

General and Administrative Expenses

Bank and credit card fees	1,700
Contract services	1,500
Marketing	7,873
Computer and website support	3,813
Postage	1,266
Office expense	2,101
Travel	<u>1,268</u>

Total General and Administrative Expenses 19,521

Total Expenses 147,909

Increase in Unrestricted Net Assets \$ 21,336

Net Assets, beginning of year 48,010

Net Assets, end of year \$ 69,346

The accompanying notes are an integral part of these financial statements.

FINDING FREEDOM THROUGH FRIENDSHIP, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

**Note 1: Summary of Operations and Significant Accounting Policies**

**Nature of Operations**

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

**Significant Accounting Policies**

**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.

**Cash**

The Company's cash consists of cash in a bank account and is in a Federal Deposit Insurance Corporation insured account.

**Revenues**

Revenue consists of donations primarily from Individuals and other foundations. Revenues are recorded when received typically by check, PayPal or bank transfer.

**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, 2020, the Organization held no temporarily restricted net assets.

Permanently Restricted net Assets – represents funds subject to donor-imposed stipulations that the assets are maintained permanently by the Organization. The donor of such funds permits the Organization to use part of the income earned on the funds. As of December 31, 2020, the Organization held no permanently restricted net assets.

FINDING FREEDOM THROUGH FRIENDSHIP, INC.  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended December 31, 2020

**Allocation of Expenses**

The costs of providing the various program and support services have been summarized on a functional basis in the Statement of Activity and Cash Flows – 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 501c(3) of the Internal Revenue Code. The Organization shall exercise only such power as are in furtherance of the exempt purposes of the Organization as set forth on 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, 2020 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 2018.

**Note 2 – 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, 2020 there were no designated or restricted funds held by the Organization.

**Note 3 – 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 4 – Subsequent Events**

Subsequent events have been reviewed through February 26, 2021, which is the date the financial statements were available to be reviewed. No subsequent events have been identified that would impact the financial statements as of December 31, 2020.